

3L threat to dismiss 18,500 unless strike is called off

sterday threatened 18,500 with dismissal unless they work by next Wednesday. Sir Michael Edwardes, chairman of the company, said the company, into direct contact with the powerful Transport and General Workers' Union, which he accused of taking BL Cars "to the very brink and beyond" without regard for thousands of jobs. There were no safe places in the group, he said.

'Some plants might not reopen'

days before all car production is halted, putting more than 50,000 out of work. BL is in no shape to stand such heavy losses. Last month Sir Michael revealed that only emergency cutbacks in production necessitating thousands of layoffs had averted a serious crisis. It is undoubtedly "the make or break" nature of the situation facing the company which has encouraged him to make such a potentially dangerous move. One of his senior colleagues said: "He had no alternative. He could not stand by and see the company bleed to death, with its factories shut, no cars reaching the dealers and the work of two and a half years thrown down the drain. He had to make some move, no matter how desperate, to try to avert that."

Sir Michael has wasted little time in taking up the transport union's challenge. He returned from his visit to South Africa only two days ago. The "work or be sacked" threat was contained in a letter which appeared on notice boards at all 36 car plants. It appeared under the signature of Mr Ray Horrocks, managing director of BL Cars but clearly carried the full authority of the chairman and the seven-man BL main board, which met at Longbridge yesterday for its monthly meeting. The statement said "strikes by some employees are threatening to stop all production at BL Cars. Many thousands of hourly paid employees who wish to continue working normally have already been laid off because of the actions of less than 20 per cent of BL Cars employees. We cannot allow the jobs of those who are willing to work to be put at risk by



The Prince of Wales meeting Mr Robert Mugabe on his arrival in Zimbabwe. Behind are Lord Soames, the Governor, and the new Cabinet.

A united army is priority for Zimbabwe

From Our Own Correspondent
Salisbury, April 16
Mr Robert Mugabe, Zimbabwe's Prime Minister-designate, said today that the amalgamation of the Rhodesian security forces with the Zanu and Zippa guerrilla armies would be one of the Government's main priorities.

He said that unless the forces were unified, there was always a danger of conflict between them. Asked how quickly he intended to introduce policy changes, Mr Mugabe said: "Results will be seen in the next few months." However, he gave the impression that he would continue to move with the same degree of caution and moderation which he has shown since winning the election. Other priorities he listed were the resettlement of refugees who had been displaced by the war and the rehabilitation of the country's education and health services.

The arrival of the Prince of Wales in Salisbury today set the stage for the final transfer of power in Rhodesia. The Prince will represent the Queen at tomorrow's midnight independence ceremony when he will formally hand over the reins of power to Mr Mugabe. The Prince, wearing a white naval officer's uniform and the blue sash of the Order of the Garter, arrived at 11.30 am in an RAF VC10. Groups of spectators waved Union Jacks and cheered as he stepped off the aircraft. The Prince was greeted by Lord Soames, the Governor, the Rev Canaan Banana, the President-elect, and Mr Mugabe.

The arrival ceremony was short but moving. The Prince inspected a guard of honour provided by black and white members of the Rhodesian Air Force, while musical accompaniment was provided by the all-black British South African Police Band. A 21 gun salute was fired. Both the Prince and Mr Mugabe were in a jovial mood. Mr Mugabe introduced Mr Enos Nkala as the "minister of no-finance". "Is there any money in the bank?" asked Prince Charles. "We are relying on Lord Soames for that," he replied Mr Nkala. Later the Prince drove through the centre of Salisbury.

Wage settlements are running at more than 20% and still rising

By David Blake
Economics Editor

Wages are rising at an under-lying rate of more than 20 per cent a year and the pace is still accelerating. Government officials at the Department of Employment see no sign of an early end to the spiral which is putting increasing pressure on prices and the finances of Britain's companies. The average earnings index rose by just over 21 per cent in February, but the increase on the same month a year ago fell from 20.1 per cent in January to 18.6 per cent.

This drop was just a statistical trick, however. It was caused by unusually high pay packets in February 1979 and low pay figures this year because of the steel strike. Taken together, these probably resulted in an average of about 11 per cent, so the true rate of increase is just over 20 per cent. February was the fifth month in a row when the underlying rate of increase in earnings rose. Pay is now going up faster than at any time since January 1976, when the figures still reflected the enormous pay rises of early 1975.

Sir Geoffrey Howe, QC, Chancellor of the Exchequer, gave a warning yesterday that excessive pay settlements would lead to higher employment and delay the slowdown in inflation. He said that a "permanent change in attitudes is urgently needed" if inflation is to be brought down. In a speech to the Conservative Women's National Committee, he blamed unacceptably high pay settlements and rising commodity prices for continuing inflation, which is expected to go above 21 per cent this summer.

The rising pay round poses a big problem for the Government's policies which aim to bring down inflation. Ministers have recognized that tight control of the money supply can only slow down inflation if the rate of increase in wages falls. It is resolutely refusing to do this in spite of a steady rise in unemployment. Workers in the private sector show no sign of settling anywhere near the 10 per cent range which would be implied by the readings of the Government's money supply targets, or at the 14 per cent level which has formed the basis of government calculations on public spending.

Figures for the level of settlements up to March put those at around 18 per cent for the private sector and 14 per cent for the public sector. The private sector increase is considerably higher than that which the Confederation of British Industry has suggested on the basis of its data. The public sector level for settlements during the current pay round is thought to be 14 per cent, but this greatly understates the actual increase which most public sector workers are receiving.

case of venture mous

Nicholson-Lord

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was criticized by the James Kelly mitted, who said continue to press inquiry and would ung a civil suit four police officers the arrest. ry proceedings in officers are still e inquest told. k Jones, chairman seyde branch of peration, welcomed and said he believed were now cleared. h issues had been ed at the inquest, n has been lifted officers", he added. e Carman, QC, for Federation and the al officers, told the they would like to y condolences to unity. He added: "I like to express the e that any public e totally allayed have had a thorough g inquiry".

'Make or break' for UK missile project

By Peter Hennessy

The Soviet Union is about to dismantle half of its anti-ballistic-missile system around Moscow just as a £1,000m Ministry of Defence project, code-named "Chevaline", designed to enable British Polaris missiles to penetrate it, is nearing completion.

Western military intelligence analysts are convinced, however, that the Soviet Union is likely to replace all 64 of its anti-ballistic-missile launchers with something equally effective if not better. The Ministry of Defence in London will not confirm or deny that the Soviet missiles are being dismantled, as the British Government is not a member of the Standing Consultative Commission, the Soviet-American group established to monitor the Anti-Ballistic-Missile Treaty of 1972. It was to the commission that the Russian delegation announced its intention of taking down 32 missile sites last month.

A ministry official said yesterday: "We know that the continuing work on substantial research and development on anti-ballistic missiles, but we cannot give details or make public predictions. The statement in the Defence White Paper about 'Chevaline' being 'designed to respond to Soviet anti-ballistic-missile capabilities, which we know are being improved', remains the position."

Dr Lawrence Friedman, head of policy studies at the Royal Institute of International Affairs in London and the author of a book on the British Polaris submarine squadron and its likely successor, to be published in the autumn, confirmed yesterday that he knew from his sources that reports of the Soviet Union informing the United States of the dismantling of 32 of its 64 anti-ballistic-missile launchers were true. He suggested that defence analysts in Washington and London were still uncertain about the exact meaning of the development.

"It is make or break for 'Chevaline'. Either it is a rather cruel farce, in that as soon as this expensive programme comes into service the Russians remove its raison d'être. Or, on the other hand, if this development means the construction of a new and improved Soviet anti-ballistic-missile system, then the expenditure on 'Chevaline' is even more justified, provided one believes it is necessary for the British force to attack Moscow," he said.

Details of "Chevaline" were given by Mr Francis Pym, Secretary of State for Defence, in a Commons debate on nuclear weapons on January 24. He described it as a very major and complex development of the missile front end, involving also changes to the fire-control system. It includes advanced penetration aids and the ability to manoeuvre the payload in space.

Speaking at a farewell ceremony for Mr Begin, Mr Carter said that the President of Israel and Mr Carter had agreed to continue intensive high-level negotiations to try to resolve by the end of the month the delicate question of Palestinian autonomy in the occupied territories.

The President described his six hours of talks with Mr Begin yesterday and today as "very constructive and very productive" and said the "good progress" had been made. His remarks were echoed by Mr Begin at the farewell ceremony as well as at a press conference later. He made real progress and all of us will regret the loss of Mr Begin's leadership. Mr Begin also said that the 40 days of continuous talks should be held alternately in Egypt and Israel. He had received the suggestion that the location should be Washington, as President Sadat had wanted,

Palestine talks given new urgency

From David Cross

Washington, April 16
After two days of talks with Mr Menachem Begin, the Israeli Prime Minister, President Carter announced today that Israel and Egypt had agreed to continue intensive high-level negotiations to try to resolve by the end of the month the delicate question of Palestinian autonomy in the occupied territories.

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because it would have inconvenienced Israeli and Egyptian Cabinet-level negotiators by keeping them away from their capital for too long. It appears that President Carter was in touch with Mr Sadat after his first round of talks with Mr Begin yesterday. Mr Begin also said that Israel would "rejoice" if a final agreement on Palestinian autonomy could be reached by May 26. Nevertheless, he said, he did not consider the date to be a deadline and if it was not met the Israelis would want the negotiations to continue.

It was not clear how much real progress had been made during Mr Begin's deliberations. Neither the White House nor the Israeli Prime Minister was willing to disclose many details.

Moscow denies military threat to Iran

Pravda hastened to deny the American claim that Soviet military forces were being built up along the frontier with Iran. Major-General Shadmehr, the Iranian joint chief of staff, confirmed that there had been a concentration of Russian troops in the area but he thought there was no danger of an invasion. Iran's leaders are considering postponing the parliamentary elections.

Mrs Gandhi, before leaving for Zimbabwe, surprised India's financial community by a decision to nationalize six large Indian banks. This brings the number of large banks in the public sector to 20, representing 90 per cent of the country's banking. Mr Mukherji, the Minister of Commerce, has given an assurance that there is no plan to nationalize the 12 foreign-owned banks operating in India.

Press dispute may spread, union says

Industrial action in the increasingly bitter pay dispute affecting provincial newspapers and the general printing industry could spread to national newspapers, the National Graphical Association, the union at the centre of the dispute, said. It forecast tougher action by the employers.

Teachers sceptical

The two largest teachers' unions reacted with scepticism to local authority claims that they cannot afford to meet both the recommended Clegg award and the April, 1980, pay demand. The councils have said that while they can meet the Clegg increase, they will resist paying anything like 20 per cent for the teachers' annual pay settlement.

Japan's 6-hour strike

Japan's railways and buses are functioning normally again after trade union leaders and transport managers reached agreement and averted a three-day strike. There was a six-hour stoppage affecting the morning rush hour, but most people were prepared for disruption and everything was back to normal by lunchtime.

'Defects in law' shown by trial

A report by the Runnymede Trust on the trials of the 342 people charged after the demonstration against the National Front in Southall last year strongly criticizes the law on public order and police procedures as being deficient. It alleges "arbitrariness" in the selection of charges and of dropping charges during hearings to stop cases being tried by juries.

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THE NEWS

Southall trials extreme example of inefficiencies in the law and public order, report claims

Timmins

The report contains some fairly political comment, although Mr Lewis said yesterday he is not a member of any political party. In places it lacks detailed statistics to back its assertions. But it contains strong criticisms of the way those charged were dealt with.

In a foreword Mr Geoffrey Bindman, legal adviser to the Commission for Racial Equality, says the full story of Southall must await the report of the National Council for Civil Liberties, to be published next week, on a judicial inquiry into charges during the trial.

The report explains how a large number of protesters received criminal convictions while those against whom they protested, and an unknown number of violent policemen, have in far escaped without prosecution.

It has established the need for "an urgent review of the law on public order", Mr Bindman says.

In the report Mr Lewis says that the three communists charged, brought, assaulting or obstructing the police, behaviour likely to cause a breach of the peace, and obstructing the highway, are all ill defined and "extremely vague". There is no clear definition in law of

what may constitute the criminal act.

Many defendants complained of arbitrary arrest, believing the ill luck of being at the front of the crowd led to their detention. "Circumstances of this type and the uncertainty of the law lend credence to a further complaint of arbitrariness in the selection of charges."

Some defendants said conversations between the arresting officer and the station officer suggested uncertainty in the arresting officer as to why the arrest had been made.

Selection of charges did not end there, the report says. Charges were frequently changed as trials proceeded. While that is fairly common if the evidence is inappropriate to the charge, or multiple charges are dropped for a plea of guilty on one count, "the alteration of charges in the Southall cases took place in such a way and on such a scale as to suggest a distinct and disturbing pattern."

"As the trial progressed, the prosecution adopted a policy of dropping almost all charges which carried the right to elect jury trial, replacing them by charges triable summarily only."

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Revival in fortunes of Lyceum in Edinburgh

By Martin Huckerby

The fortunes of the Royal Lyceum Theatre in Edinburgh have undergone such a spectacular revival in the past year that the theatre has handed back part of its grant from the Scottish Arts Council and Lothian Regional Council.

Declining audiences at the theatre reached a nadir in 1978-79, with an average of only 28 per cent. Since Leslie Lawton took over as artistic director last summer, audiences have more than doubled, with more than 60 per cent of the seats filled.

The theatre has increased its box office takings to such an extent that it has not needed all its grant for 1979-80. About £30,000 has been handed back and Mr Lawton said yesterday that he expected the final figure would be higher.

He has built up audiences partly by offering a programme of reasonably popular plays, including *Cabaret*, *Side by Side* by *Sondheim* and *The Bed Before Yesterday*, but there were also good houses for a new adaptation of *Graham Greene's The Power and the Glory*.

The programme may become more adventurous in future, but he intends to introduce the audience gently to different areas of theatre. He said he was particularly encouraged by the fact that the audience was becoming younger and younger.

While the company has returned part of its grant for 1979-80, Mr Lawton made clear that it might need more in future, because the company is expanding its activities. This year it will stage a summer season for the first time, and it is also starting a big touring programme, there is a strong demand throughout Scotland for good touring productions.

Mr Lawton has combined his administrative work with taking part in many of the productions; next month he takes on the leading role in *Whose Life is it Anyway?*

The Scottish Arts Council is delighted by the Lyceum's new success. Mr Anthony Wright, the council's drama director, said Mr Lawton's achievement in turning round the company was "a tour de force".

Rampton man's rape and murder

A man who raped and then murdered a woman of 68 after being released on a fortnight's trial leave from Rampton mental hospital, Nottinghamshire, was jailed at Lincoln Crown Court yesterday for life.

The court was told that four days after the murder Steven Wilkins, aged 27, killed a petrol attendant at a garage near Glasgow.

He admitted rape, murder and arson and Mr Justice Milmo told him: "You are a very dangerous person indeed and I shall recommend to the Home Secretary that this sentence should be enforced in full and should mean what it says."

Mr Ray McArthur, QC for the prosecution, said that in 1970 Mr Wilkins was committed to Rampton after being convicted of raping a woman aged 80.

Late in 1978 he was transferred to the Balderton unit of the hospital, near Newark, and early last year was allowed weekend leave, which he spent with his parents in Grimsby.

On June 1 last he was given 14 days' leave and on the last day of his leave he visited the woman of 68, who was a distant relative and also lived in Grimsby.

He raped and later strangled her before setting fire to her home in an attempt to cover his tracks. On the same day he left for Scotland and four days later murdered the garage attendant, for which he is serving life imprisonment.

Gems haul now put at £750,000

The value of diamonds stolen from a dealer in Haverley, London, on Tuesday was yesterday put at £750,000. First reports were that the stones were worth at least £500,000.

A team of detectives drawn from Scotland Yard's central robbery squad is working on the theft, which took place in the offices of Gemco Diamonds as the eight members of staff arrived for work.

Views: "Israel must learn to stop asking the unreasonable of American Jewry (English, French and others, too). It must stop sweeping its basic problems under the rug of capital infusions from 'Jews in exile' and must realize that as long as it is willing to take our money it must at least consult with us on the priorities."

Mr Bronfman, who led a congress delegation which met President Sadat of Egypt in Washington last week, is known to hold "dovish" views on Israeli territorial issues. His election is therefore more than a change of personnel, it is a significant step in the process of the organization's redefinition.

The executive accepted a report of the priorities committee defining the functions of the congress as primarily political, and apportioned its budget of some \$3m essentially to political activity.

Both the congress and the World Zionist Organization support Israel, but while Zionists also generally back Israeli government policies, the congress has tended to retain its freedom to criticize specific policies while remaining unwaveringly dedicated to Israel's survival.

Dr Nahum Goldmann, the veteran founder president of the congress (who was also in London) often incurred the anger of Israeli governments for his independent views.

Mr Bronfman has taken up an even more forceful position. Last month he wrote in the congress's publication, *News and*



"Resurrection of Christ", the fifteenth-century painting by Dieric II for £1,700,000 at Sotheby's yesterday.

'Clockwork orange' goes into orbit

Two Correspondent

Without ceremony, transformed under-terrain rolled out yesterday. To describe it as prompt would be to all concerned, right orange train, the clockwork ch emerged from a Enoch station was months late.

ations, signalling technical hiccup d to delay the start tem" after a £53m

e greater Glasgow transport executive "flattened wheel was just one of the ben the train braked he roundness of the become impaired. uced a ride bumpy remind everyone of ugle, an affectionate the original under ggesting the shake, and huddle of travel-

region recalled how tias of the coach had move, and not always me direction. "Side

to side, up and down, even the floor under your feet had a life of its own", he said.

The new trains bustle at six minute intervals around 15 stations on the six and a half miles of track beneath central Glasgow. They were pronounced yesterday to be quieter, smoother and more comfortable than those of the old Shuggle.

Mr Campbell Douglas, aged 87, remembered his father taking him on the underground on the day it opened in 1896. Then the trains were cable-hauled and made ingenious use of gravity to increase speed and slow down. The very first train to leave St Enoch station broke down and the passengers emerged at the next halt walking along the track.

The station building in St Enoch Square is an example of the worst kind of Victorianism, with such a bristle of towers and turrets as to look like a cathedral organ awaiting its cathedral. When the new system was built beneath it the whole building, now an architectural treasure, was lifted on to a plinth and then replaced.

The Glasgow underground system is thought to be the

second oldest in Britain and the sixth oldest in the world. Practically all signs of its history have gone, except at Buchanan Street, where a half section of one of the Victorian coaches has been set into the station wall. Escalators and moving walkways have replaced the old steps, automatic machines now snap at the passenger and there is a clean "vandal challenge" look to the decor.

The subway closed in 1977 and work began on putting a new heart into the system, while costs climbed from the original estimate of £10.6m. The name was changed and the new underground will act as a rotating hub to the trans-Clyde transport system.

Not all the troubles are resolved. Drivers of the 33 trains are working to rule because their colleagues, the bus drivers, are paid £6 more.

It was that dispute that delayed a delegation from the Japanese National Railways taking a courtesy trip on the eve of the official start. The Japanese lined the platform at St Enoch admiring a smart new tunnel, from which nothing appeared.

New leader for Jewish congress

By William Frankel

An important shift of emphasis in the World Jewish Congress is likely to result from a private meeting of its executive which took place in London last weekend. Jewish leaders from Israel, North and South America, Europe and Australia redefined the organization's priorities and unanimously elected Mr Edgar Bronfman as acting president.

Mr Philip Klutznick, president of the congress, has been on leave of absence from that office since his appointment as United States Secretary of Commerce by President Carter last year. Now almost 73 years old, Mr Klutznick, who attended the London meeting, is unlikely to return to the active presidency, and Mr Bronfman's appointment heralds his succession to the leadership of the most important organization of world Jewry.

Mr Bronfman is chief execu-

tive of the Seagram Corporation of the United States.

The significance of his election is that it confirms the gradual movement of the congress towards an alternative position on Israel to that held by the international Zionist movement.

Both the congress and the World Zionist Organization support Israel, but while Zionists also generally back Israeli government policies, the congress has tended to retain its freedom to criticize specific policies while remaining unwaveringly dedicated to Israel's survival.

Dr Nahum Goldmann, the veteran founder president of the congress (who was also in London) often incurred the anger of Israeli governments for his independent views.

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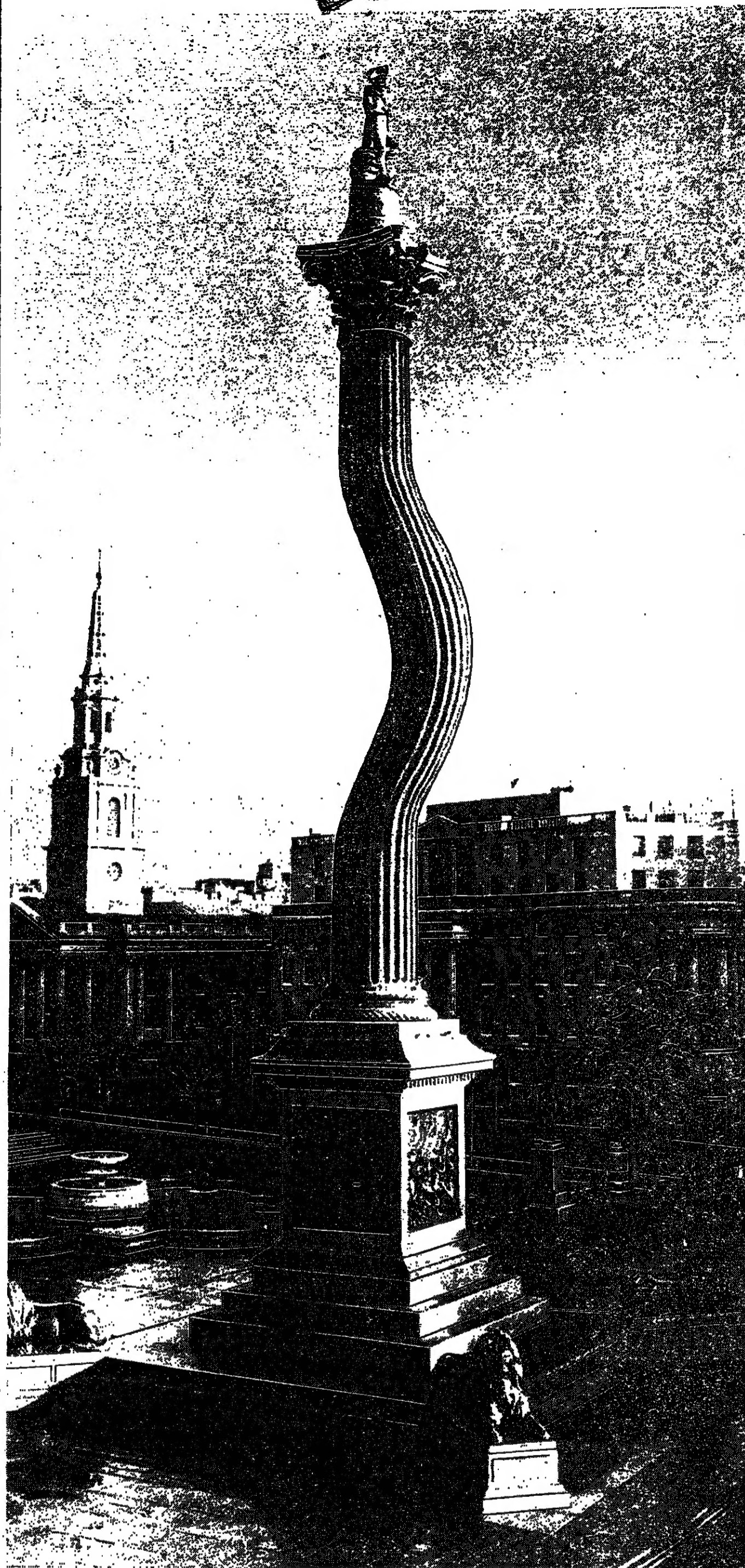
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HOME NEWS

Cut staffs to avoid new rate increases, minister tells councils

By Christopher Warman
Local Government Correspondent

Mr Michael Heseltine, Secretary of State for the Environment, yesterday argued that a tighter recruitment policy by local authorities would enable them to avoid further rate increases or staff redundancies.

In an interview on the BBC radio programme, *Today*, Mr Heseltine rejected the warning delivered by Sir Geoffrey Taylor, chairman of the Association of Metropolitan Authorities, that supplementary rate demands and large-scale reduction in jobs might be necessary because local authorities were running out of money.

Mr Heseltine said: "They could do what central government has been doing, that is, to exercise a very tight control on the number of people each authority recruits."

He had asked local authorities to do that, but there had not been anything like a sufficient response. The number of people employed by local councils was running at an almost record level. "I do not believe that there is no room for economy," he said.

Manpower figures published last month showed that at December, 1979, local government in England and Wales employed 1,724,768 full-time and 936,536 part-time workers, an overall reduction since December, 1978, of 0.3 per cent.

Mr Heseltine has consistently urged local authorities to make savings by cutting recruitment. He believes that if local government fill three out of every four vacancies, the necessary savings can be made.

At Tuesday's meeting of the consultative council on local government finance, Mr Heseltine emphasized to local leaders what he had said when announcing the rate support grant last November. He had included a realistic amount to cover the cost of comparability payments to teachers and other staff, and concluded: "There will be no more cash."

He said then: "If the figures look like being exceeded, the additional costs will have to be found by the ratepayers or by a lower level of services, or a lower level of people employed in local government."

It was made clear on Tuesday that the situation remained the same.

After the meeting Sir Geoffrey said local government was facing an "extremely serious financial crisis".

The Association of Metropolitan Authorities stated yesterday that ratepayers in some areas could face further rate rises in the autumn, while local services, already severely reduced in line with government policy, might be reduced even more.

The 13 per cent allowed by Mr Heseltine in the rate support grant to cover inflation was nowhere near enough", a spokesman said.

Olympics without US 'second-rate affair'

By Hugh Noyes
Parliamentary Correspondent Westminster

British athletes choosing to take part in the Olympic Games in Moscow would find that they were competing in a twofold event against second-rate competition, Mr Douglas Hurd, Minister of State at the Foreign and Commonwealth Office, told the Commons yesterday.

That position was becoming increasingly clear as the tide of boycott began to flow strongly in many sports, Mr Hurd told MPs. About thirty governments were in favour of boycotting the games and the number was increasing all the time.

Warmly welcoming the decision by British yachtsmen not to take part in the Olympics, Mr Hurd pointed out that United States swimmers won 13 gold medals at the last games and that a swimming competition without American participation was bound to be second-rate.

Mr John Farr, Conservative MP for Harborough, urged the Government to take a more resolute attitude towards those athletes who still wished to go to Moscow. They should be reminded, he said, that they could be distinguishing themselves by being almost the only representatives from any free country in the world to compete in the Olympics.

From the Labour front bench Mr Edward Rowlands said he felt that attempts by members of the Government to brand individual sportsmen as dishonourable or disloyal were distasteful and disgusting.

Mr Hurd retorted that the Government had made clear it was a matter of choice in a free country whether people went to the Olympics. But the Government would continue to make clear its judgment of where British interests lay.

The Government believed it was strongly against those interests for British athletes to participate in Moscow.

German regret: Herr Helmut Schmidt, the West German Chancellor, told German Olympic sportsmen yesterday that conditions were still not right for them to join the Moscow games (Our Bonn Correspondent writes).

The Government would decide on a formal recommendation to the National Olympic Committee on Wednesday, and then it would be up to them to act on it, he said.

At a reception for two West German winter Olympics team and members of the National Olympic Committee, the Chancellor explained that the Government had put the onus for German participation on the Soviet Union to create the right conditions by withdrawing its troops from Afghanistan.

"Today I have to state, to my deepest regret, that those conditions have still not been created," he said. He asked potential members of the West German teams to consider solidarity with American sportsmen.

Herr Willy Daume, president of the Olympic committee, said the Government's recommendation would weigh heavily when the issue was debated on May 15.

Between 60 and 100 leading West German sportsmen are expected to take part in a demonstration against an Olympic boycott in Dortmund next Monday. Public opinion, according to a recent poll, is 87 per cent in favour of a boycott.



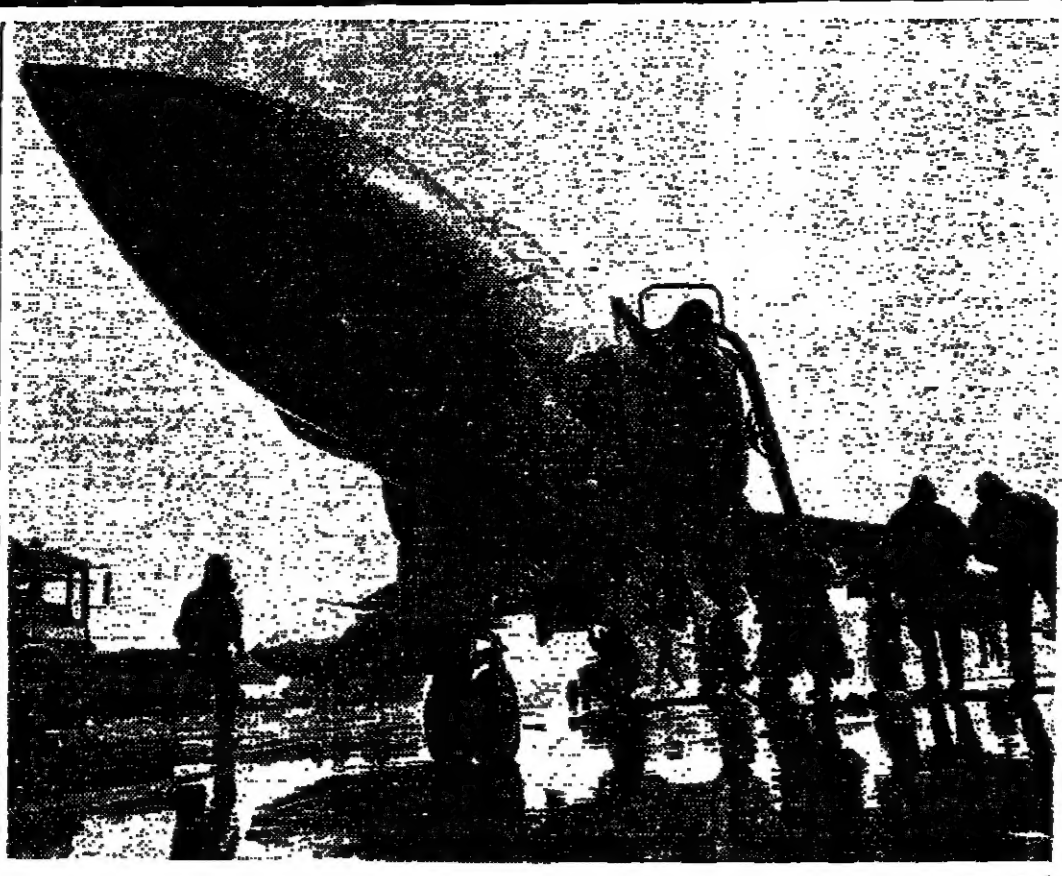
Growing up in a changing world

Today's teenagers are taller, healthier and better housed. But increased prosperity has not necessarily brought about greater family harmony or happiness for young people. Many adolescents experience the stress of broken homes, racial discrimination, personal crises.

How can we help teenagers in distress? In the first of four articles, Professor Michael Rutter, author of *Fifteen Thousand Hours*, discusses the role of the school and therapeutic intervention and suggests that we need to experiment with new ways of helping which don't focus on the individual.

Also this week: Margaret and Arthur Wynn on the untold damage done by lead; Milton Keynes—the windy city; John Berger on Monet; Plus our social science brief for schools and colleges—on the Third World.

society
EVERY THURSDAY 35p



A Phantom jet being rearmed at RAF Wattisham, Suffolk, yesterday in the Nato defence exercise code-named Elder Forest.

Snags for Navy over submarines

By Henry Stanhope
Defence Correspondent

A decision to build four or five submarines to carry the next generation of Britain's strategic deterrent could create difficulties for the Royal Navy's shipbuilding programme.

Ministry of Defence representatives giving evidence to the House of Commons Select Committee on Defence yesterday said that only Vickers' shipyard at Barrow-in-Furness, Cumbria, was equipped to build nuclear-powered submarines.

A programme costing many millions of pounds could be introduced to reactivate a second shipyard with the necessary plant and skilled workforce. Cammell Laird could be an obvious candidate because the yard was used in the 1960s to build two of the present Polaris submarines as well as two nuclear-powered hunter-killer boats.

But the need to build new ballistic missile submarines would cause some delay to the Navy's long-term programme for hunter-killer boats, whatever happened.

Mr M. C. Power, Assistant Under-Secretary (naval staff), told MPs that the difficulty was not so acute in building a successor to the smaller Oberon class of conventionally powered boats.

The first of the 2,400-ton class, designed to replace the Oberon submarines, would probably be built at Vickers, starting in about two years. But Cammell Laird and Scott Lithgow should be able to construct some of the other nine submarines in the class.

Mr Power admitted that the design was a compromise between a 2,000 to 2,200-ton submarine, which the Royal Navy had preferred, and a larger boat, which the Ministry of Defence sales organization would have preferred as an attraction for overseas customers.

The Ministry officials said there had been a big increase in the cost of the lightweight torpedo, which would be ready in 1982-83, from £82m in 1978 to £190m today (at 1979 prices). The programme was five years behind schedule.

No foreign orders had been received, but there was hope of obtaining some, particularly in view of Nato interests.

At a public session which was devoted to defence procurement, the MPs were told that a decision on whether to order a new rank for the British Army, the Challenger, was not expected until the late summer or the autumn.

The MPs were told later that the naval balance was still weighted in Nato's favour, despite the continuing build-up of the Soviet fleet. The Warsaw Pact had 3,260 vessels and Nato 11,300 vessels.

Scree falls 'danger' to Wast Water

From Our Correspondent
Workington

The stability of the famous Wastdale Scree, if British Nuclear Fuels are allowed to abstract more water from Wast Water, has been questioned at the two lakes inquiry, at Whitehorn now in its twelfth week.

The scree is a steep slope of loose rock which rises almost sheer for 1,200ft from the edge of England's deepest lake.

The question of its stability was raised by Mr Ian Bonner, of the Nature Conservancy Council. Although he did not name them, he said that council geologists said it was extremely difficult to assess the impact, but they thought a rise in the lake level of up to a metre could affect stability by removing debris, leading to increased slope angles.

Mr Lionel Read, QC, for BNF, told the inquiry that the Geological Society of London had lodged a holding objection against the proposals so that they could consider the possible effect on the scree. But that objection had been withdrawn, a clear indication, Mr Read said, that they were happy about the stability of the slope.

BNF are seeking more water to supply their expanding nuclear plant at Windscale, in west Cumbria.

Mr Trevor Thonley, the Land's End coastguard officer, said: "None of the incidents I have been involved in has been particularly serious and an experienced sailor would not have found it necessary to call us out on all those occasions."

"One of my colleagues has gone to interview him and find out what is wrong and to give him some sound advice."

Captain Eric Kemp, the St Ives lifeboat secretary, said: "What this man has cost I dread to think. He has every day been on board, and his navigation system can fix his position within 60 miles."

Mr Vass said yesterday that there had been a recurring fault in the 36hp engine. After losing power he was awake for three days and two nights. "I could hardly keep my eyes open and asked the coastguards for our position."

More engine trouble followed, and off Mousehole on Tuesday night the yacht was drifting with hardly any breeze.

Thatcher call for award to cartoonists

By Kenneth Gosling

The Prime Minister yesterday was warning against the substitution of pressure group tactics for individual "muscle" for individual skill and merit.

It was her most difficult message to get across she said.

"Your standard of living and your future depend on your own skills, your own skill and your own merit, and if you try to substitute pressure group tactics against the Government or industrial muscle, you would soon cease to have the society you would like to live in."

Mrs Margaret Thatcher was presenting in London what she called the newspaper industry's "battle honours", the British Press Awards. Her speech ranged widely over home and foreign affairs.

She pleaded for freedom from restrictive practices, an issue with which the newspaper industry was familiar and made a reference to the Employment Bill, which was just coming through the Commons. It would change the law, and the law was important.

But the task in the coming year is to get the greater prosperity which might lead to greater circulation. Investment had to be put to use so that we could look forward to greater wealth in the future.

On foreign affairs, Mrs Thatcher said it would be a tragedy if Afghanistan became "just another nine-day wonder" and people accepted the occupation by Soviet troops to the extent of not worrying too much who was going to be next.

She also related the tragedy of world events to the war in Britain. People reacted to them. This was a time of law and order, she said. But our way of life consisted in doing more than simply obeying the law. "It is not enough just to obey the law and pay your taxes. If you feel strongly about something, you have to do something by personal effort yourself."

On the awards, Mrs Thatcher said one citation said: "He is not frightened to make lewd and lecherous demands on his readers and is consistently challenging." She asked if it was unusual in the newspaper world to make such intellectual demands.

People who did that kind of writing, like David Wood of *The Times*, like leader writers and commentators, gave a perception of events that was like a headlight into the future and for which there was no substitute.

"I come here as an admirer of the system," she said. "It is perhaps true to say so (but most true things have stood for thousands of years) but freedom would not last unless we have freedom of the press."

And freedom of the press would not last unless you also have commercial freedom. Never let Government interfere with the press; you would lose everything you hold most dear."

Mrs Thatcher made an appeal for next year's awards to recognize the work of the cartoonist.

The cartoon, she said, was the most concentrated and elegant form of comment and just about the most skilled and the most memorable, giving the picture of events that remained most in the mind.

Sir Edward Pickering, chairman of the award judges and vice-chairman of the Press Council, said they would consider next year introducing a Margaret Thatcher award for cartoonists.

Among the award winners were Robert Fisk, of *The Times*, the international reporter of the year; Melanie Phillips, of *The Guardian*, the reporter of the year; and John Pilger, of the *Daily Mirror*, journalist of the year.



Mrs Margaret Thatcher presenting Robert Fisk of *The Times* with the international reporter of the year award.

More curbs on waste chemicals urged

From Ronald Kershaw
Middlesbrough

Better methods of control were needed for the release of waste chemicals, Mr Simon Read, head of the Greater London Council, said in Middlesbrough yesterday.

A technical society placed great reliance on the use of chemicals and chemically based materials, and in their use the technological goal was everything; the after-effects were ignored.

Addressing Transchem 80, the seventh symposium on the safe transportation of hazardous substances, arranged by Cleveland Polytechnic, Mr Read said it was generally the case that no control was imposed on the release of waste chemicals until man was made aware of the effects of the releases.

There would always be a time lag between the initial release which produced the effect and that effect being eliminated.

Methods of control based on waiting for effects to show were unsatisfactory. He cited two cases related to chlorinated hydrocarbons, illustrating long time scales during which the substances affected the environment. One was DDT, the effects of which were not taken seriously until 15 years after the chemical was first widely used, the other polychlorinated biphenyls, first used in the 1940s. The effects on plant and animal life were seen in the mid-1960s and prompt action was taken to stop their use.

Mr Read said: "Men in his environment is now saddled with a fait accompli. The wastes have been released. They are lurking to be sprung on unsuspecting future generations. We have a suspicion that some of them are there but we do not quite know what to look for."

Mr Read said that because of many of the adverse effects caused by chemicals in the environment it was necessary to derive some means of predicting the likely effects of a planned action and allowing some measure of control either to curb or eliminate the hazard.

He said risk assessment required three main evaluations to be conducted: hazard identification, risk estimation and social evaluation. That meant the benefits to man of the system producing the risk, the cost-benefit of the risk system, and a comparison of the risk against other natural risks such as earthquakes and floods.

Mr Read pointed out that under the two off crises no warning of industrial country headed the warnings of those who said we were too reliant on oil for energy sources. He said: "There has not yet been a similar pollution crunch. We should not, however, be too complacent. These things have a habit of attacking from behind."

The symposium, attended by local authority officials, police emergency services and other interested parties, heard Mr Ian Wrigglesworth, Labour MP for Teeside, Thornaby, who opened the proceedings, say that Teeside's chemical and industrial complex highlighted the constant threat to the environment from hazardous substances. The menace regularly exists on and around roads, railways, factories and other places where inflammable, toxic, irradiated and hazardous substances were stored or transported.

Makers of pregnant drug may be sued

Legal action is being considered by more than 80 parents of children who were born deformed or died after their mothers had taken Debedox, the pregnancy sickness drug.

The parents, who formed an association yesterday, are thinking of suing the drug manufacturers, Richardson-Merrell, and are calling for Debedox to be suspended, although the Government's Committee on the Safety of Medicines has ruled it safe.

Mr Jack Ashley, Labour MP for Stoke-on-Trent, South, told the meeting of parents at the House of Commons yesterday that the committee had sent for evidence it had not previously studied and which had led to an American court's conclusion that the drug caused deformities.

"I was very disturbed to have it confessed in parliamentary answers that the transcript of the trial had not even been looked at," he said.

The court in Orlando, Florida, had unanimously agreed that the drug had caused birth defects in a boy, and the only disagreement was over the degree of risk. "You cannot disregard evidence of that kind," Mr Ashley said.

The transcript contained evidence from Dr William McBride, of Australia, who had first discovered the link between thalidomide and birth deformities, Mr Ashley said. It also cast doubt on some of the surveys on which the Government's committee had based its conclusions.

"I am not for a moment suggesting there is any relationship between thalidomide and Debedox. But I am saying that the evidence McBride is important," he said.

The parents said they believed their child deformities as a result of the drug, and letters were in daily.

Mrs Valerie Alessi, acting chairman, who was born with half of an arm missing, said: "I just had a letter from two telephone calls from one from Ramona. It is estimated that the percentage of birth defects are reported at each Ashley told the meeting there have been six cases a year since 1963, 34 last year, there could be deformed babies born it was impossible to how many of those the result of Debedox.

Mrs Angela Elliott, secretary, who has babies disabled because she took Debedox after she took said: "There must be others like me who drug, and the doctors say it was all right."

The Committee on the Safety of Medicines has ruled that Debedox is safe since 1978 and on a condition of safe use, as to revoke or suspend it of the product.

Some 3,500,000 British have taken Debedox for nausea during the past 20 years, the committee and Dr McBride say that the abnormalities among babies was the same population as a whole.

Survivor saw pilot struggle to get out of sinking air

A survivor told an inquiry in Aberdeen yesterday how he saw the pilot's struggle to escape from his sinking aircraft after it plunged into the sea near Sumburgh airport, Shetland, last July.

Seventeen people died after the Dan-Air Hawker Siddeley 748 hit the sea at more than 100 mph.

Mr Vincent Cain, aged 30, a helicopter engineer from Merseyside, told the inquiry that he saw Captain Christopher Watson trying to escape the side window of the cockpit. "His shoulders were out of the window," he said.

That was the last he saw of the pilot, whose body was recovered later. There was panic and terror after the aircraft careered off the end of the runway at Sumburgh, survivors said.

Mr Cain said that aviation fuel lying on top of the water was blown into survivors' eyes.

He stayed behind, he could help him when it seemed he was too late. He had to Elizabeth Owen, the out of the aircraft.

I shivered her out she did not seem to any move to get out. By this time was coming in very cold. Nearly 200 witnesses were called in very quiry, which is due to three weeks.

Ulster home building to be cut

From Our Correspondent
Belfast

Public sector building of homes is to be cut by a third this year in Northern Ireland, although more than 14 per cent of all homes are judged unfit for occupation, compared with a figure for England and Wales of only 4.6 per cent.

The number of new houses to be built is to be cut from a planned 4,615 to 3,078, and the number of entirely new projects on "green field" sites will be reduced by 53 per cent.

The plan to house 2,000 Catholic families on the huge Poleglass development, on the edge of west Belfast, bitterly opposed by a number of Protestant politicians led by the Rev Ian Paisley, survives more or less unscathed and the cuts will be felt mainly in the rural areas and Ulster's smaller towns.

Despite the reduction in projects to be supervised there is to be no reduction in the staff of the Northern Ireland Housing Executive, which controls all publicly owned housing in the province.

Announcing the executive's curtailed programme in Belfast yesterday Mr Charles Brett, the chairman, said it had explored the possibility of raising additional funds on the market but had been told that would not be permitted.

The Government had cut the executive's budget for the year from the projected £129m to £112m but inflation made that £17m cut equivalent to at least £23m.

On seeing the chairman's draft statement, the Northern Ireland Office minister responsible for housing, Mr Philip Goodhart, took the unusual step of asking Mr Brett to minister's comments press conference call housing executive.

Mr Goodhart came in real terms spending on public housing in Ireland would increase.

Mr Brett said it was appalling to have to cut cherished schemes, executive had escaped unscathed with the cuts in Britain.

"There has been in the press that the minister intends to phase new council house in Great Britain by 15 Brett said.

In contrast with high authorities, the has decided to press a new building as far as possible afford to do

American held in Ulster for questioning

Police investigating terrorist crimes in Northern Ireland yesterday were interviewing an American citizen, aged 23, who was not named.

He left the United States a year ago and has been living in the Creggan area of Londonderry.

He was arrested on Tuesday in a dawn raid. An unspecified number of people are being held under section 11 of the Emergency Provisions Act.

The police said several people were being questioned about "serious crimes".

Mr Atkins criticized: Mr James Molynaux and his four Official Ulster Unionist colleagues in the Commons yesterday tabled a motion criticizing the communiqué issued in Dublin on Tuesday after Mr Humphrey Atkins, Secretary of State for Northern Ireland, had discussions with ministers of the republic.

Miles joint second after chess win against Stean

By Harry Golombek
Chess Correspondent

Round 6 in the Phillips and Drew King's Grandmaster chess tournament in London started at a slow pace with a quick draw between Sosonko and Andersson, and then a somewhat longer draw between Speelman and Okrokhov, which left the latter still in the lead with 4½ points.

Thereafter, however, every game was most fiercely contested and the variety of attacks and counter-attacks that ensued provided a feast of entertainment. Timman and Ljubojevic played the well known but very complicated poisoned pawn variation of the Sicilian defence, which ended in a well deserved draw.

Then young Short, whose position was too defensive out of the opening, succumbed to an overwhelming king side attack by the grandmaster, Sax.

Shortly afterwards lost to Miles in a game most of the pressure in the latter's hands, now in equal second place, was shared by Speelman, Timman, Ljubojevic, and Short.

Round 7 of the tournament was played on Sunday. Kasparov, a Soviet school certain to become the youngest chess grandmaster after taking an unblemished lead in a tournament home to reported.

Kasparov, who was Sunday, is sure to international tournament still has two rounds

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Correspondent
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that Mr Stuart,
g director of S & M
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set fire to the
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in August, 1976.
judge dismissed the
claim against the
Insurance Company,
repudiated liability to
fire insurance policy.
had been agreed, sub-
liability, at £135,000.

Lord Justice Watkins said he
could not accept that the com-
pany's business had been in the
profitable state claimed by
Mr Stuart. He was not satis-
fied that Mr Stuart had been
completely truthful in the
witness box as to his activities
on the day of the fire, which
broke out shortly after the
shop closed for the half day.
charge of arson, the judge
added, was normally decided at
a criminal trial by a jury, who
had to be satisfied beyond
reasonable doubt before they
could convict. In the present
case the police had decided
against taking proceedings and
he had to try the case on the
balance of probabilities. He
said the company's claim was
fraudulent and false.



A bus embedded in a house in Rainhill, Liverpool, yesterday after leaving one woman dead and four people injured

One dead, 4 hurt as bus leaves trail of wreckage

An elderly woman was killed
yesterday when a double-deck
bus left a half-mile trail of
wreckage on the A57 road at
Rainhill, near Liverpool. It
struck a bus queue and seven
vehicles before hitting the front
of a semi-detached house, where
it became embedded.

Five policemen were needed
to drag the driver from the bus
and to hold him down before
he was taken by ambulance to
hospital.

Keiran McCabe, aged 17, of
Palmwood Avenue, Rainhill,
said that the driver was hand-
ling out of the cab screaming:
"I am God. I am Bruce Lee.
Do you believe me? I am in
paradise".

Jonathan Davey, aged 16, who
lives near the house where the
bus came to rest, said: "A
policeman tried to coax the
driver out of his compartment,
but he was shouting and flailing
his arms. He was shouting:
"We are all dead. Don't you
see? I know what it is like.
I have died before".

The series of crashes began
at about 9.10 am when the bus,
belonging to the Crosville Bus
Company, of Chester, had
turned round after a 12-mile
trip from Liverpool city centre.

Police believe that the vehicle
started to skid across the
road. First it collided with an
oncoming post van, knocking
it on its side. A few yards far-
ther on it went into the bus

queue, then into an estate car.
On the way the bus picked
up what it believed to have
been a stationary car and
shunted it broadside for 300
yards at nearly 30 mph, before
it ploughed into an oncoming
van and a Mini car.

The dead woman and two of
the injured were at the bus-
stop, where the bus demolished
a wooden shelter. Ten minutes
earlier dozens of children had
been at the stop.
The bus then veered on to a
pavement and a woman pedest-
rian had to jump aside. It
smashed into the front of a
semi-detached house, crushing
an estate car in the drive on
the way.

Mr Algernon Elwin, the bus

company's traffic manager, said
the driver had been employed
by the company since 1976 and
his record was satisfactory. As
far as we are aware the vehicle
was in a roadworthy condition.
A full inquiry will be held at
the earliest opportunity.

Merseyside police said four
people were taken to hospital,
where two were said to be in
a serious condition.
Edward Brown, aged 33, of
Wavertree, Liverpool, had been
charged with causing grievous
bodily harm but had been found
unfit to appear in court yester-
day.

Doctors had certified him
under the Mental Health Act
and he had been detained in an
approved hospital, police said.

Labour adopts 'Tory vandals' poll slogan

By Christopher Warman
Local Government
Correspondent

Whitehall's policies on local
government were resulting in
damage to, and even the des-
truction of, essential services,
Mr Roy Hattersley, shadow En-
vironment Secretary, said yester-
day.

Launching the Labour Party's
campaign for district council
elections in England and Scot-
land on May 1, Mr Hattersley
said Labour offered the British
people an "opportunity to
demonstrate their opposition to
all that Mrs Thatcher stands
for, and an opportunity to reject
Conservative policy for local
councils.

"That policy can be summed
up in four words: pay more,
get less."

With a national slogan of
"Stop the Tory vandals—vote
Labour", the party is confident
of gaining hundreds of seats
and regaining control of more
than 30 authorities.

Mr Hattersley said the mes-
sage was finally getting across
to people that cutting public ex-
penditure was not the answer
to Britain's difficulties. While
people would in general say
they did not want to see higher
spending, the fact was that they

did not want worse schools,
poorer housing, higher rates,
fewer amenities for the elderly,
uncut parks or unmaintained
roads.

He believed that people were
also now realizing that the
reason for rate increases was
not local authority waste and
extravagance, but the result of
the policies put forward by Mrs
Thatcher and Mr Michael Heselt-
ine, Secretary of State for the
Environment.

"Rates are increasing be-
cause central government is not
providing adequate funds for
local services, and local govern-
ment has now been put in an
intolerable position by the Gov-
ernment as a result of the Clegg
award to teachers."

Mr Hattersley rejected the
Conservatives' claim that the
party was winning support on
the council estates because of
the policy of selling council
houses. Tenants realized that
buying their homes was not as
easy or as cheap as the Govern-
ment made out.

Another matter that would
have an "electric" effect on
council tenants was the fact
that the Government intended
to allow housing authorities to
make a profit from their
tenants.

20 still held in drug inquiry

By Our Crime Reporter

Customs and police officers
yesterday were still question-
ing 20 people arrested after
the seizure of cannabis resin
estimated to be worth £1.5m
being unloaded from a yacht in

a secluded North Wales bay on
Tuesday.

Six people were arrested at
the time of the seizure and
others were picked up in raids
later. It is thought that further
arrests may be made as part
of the investigation.

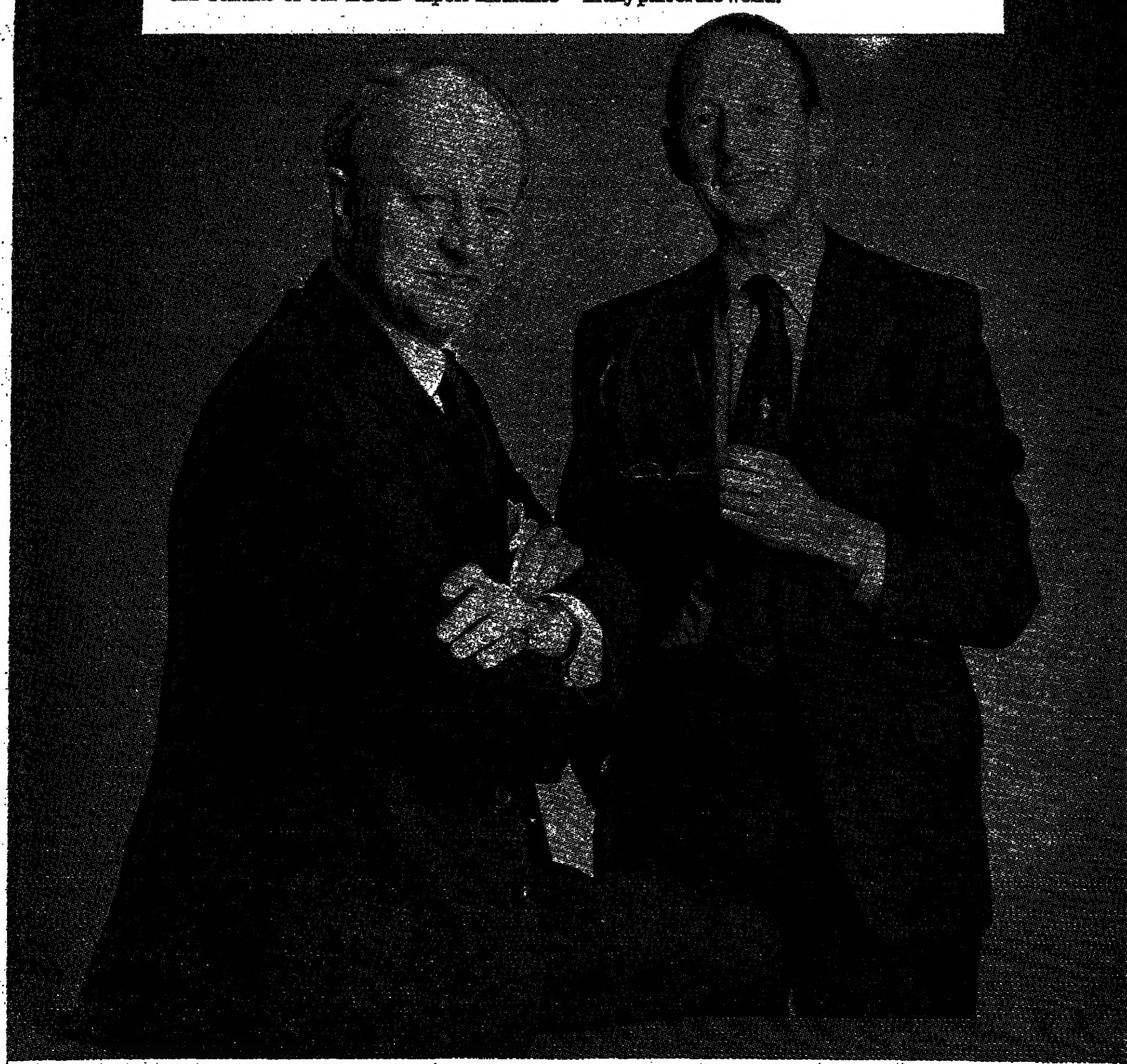
"£600,000 SAYS WE WERE RIGHT TO HAVE ECGD COVER"

As you would expect of a company which
has won two Queen's Awards for Export, the
Baker Perkins Group (headquarters Peter-
borough) is not only successful but highly pro-
fessional in its approach to the exporting of plant
and machinery for the food, chemical, printing
and foundry industries.

"Of course," said Franklin Braithwaite,
Chairman (left), "we make wide use of the finan-
cial benefits of our ECGD export insurance

policies—especially extended credit terms. But
apart from that, with export sales of over £35
million last year in 100 countries, I don't think
I could sleep at nights without export insurance
protection which is good value for the premiums
we pay."

"During the 1970s" added Managing
Director John Peake, "ECGD paid us promptly
claims of over £600,000 in markets where we
thought we were safe. But with the current
economic and political turbulence, how could
anyone be complacent about the risk element
in any part of the world?"



ECGD insures from date of contract or despatch of goods. Cover is available for contracts in sterling or other approved currencies for: Continuous sales worldwide of raw and processed materials, consumer goods and production-line engineering goods.
Sales to and by overseas subsidiaries of UK firms Sales through UK confirming houses and by UK merchants Single large sales of capital equipment, ships and aircraft Constructional works contracts Services. ECGD also
Guarantees to banks providing export finance, often at favourable rates of interest, including project loans and lines of credit to overseas borrowers Guarantees for performance bonds Consortium contingency
insurance Cost escalation cover Tender to contract cover Cover for investments overseas For full details call at your local ECGD Office.

To make an appointment or for information contact the Information Officer, Export Credits Guarantee Department, quoting reference TZ - at Glasgow, Belfast, Leeds, Manchester, Birmingham, Cambridge, Bristol, London West End, Croydon or Tottenham offices or Joan Swales, Information Section, ECGD, Aldermanbury House, London EC2P 2RL. (Tel: 01-606 6699, Extn. 252).

ECGD
INSURANCE FOR BRITISH EXPORTERS.

PARLIAMENT, April 16, 1980

Tide flowing strongly towards Games boycott

House of Commons
The latest information available suggested that about 30 governments, favoured by boycotting the Olympic Games in Moscow or had expressed serious reservations about their athletes taking part.

Mr Douglas Hurd, Minister of State for Foreign and Commonwealth Affairs, said, "The number was increasing all the time."

Mr Philip Whitehead (Derby, North, Lab) had asked how many countries were in agreement with the British Government in its proposal for a boycott.

Many of us (the said) who were deeply concerned about the holding of the Moscow Olympics in human rights grounds long before the invasion of Afghanistan or the American presidential election, feel that the current slugging match between the Government and the British Olympic Association is leaving us with the worst of all worlds in this country, exposing deep divisions where there should be unity.

Would he discuss with the athletes how he would go, as it is their right if they wish, some form of unified protest in Moscow during the holding of the Games?

Mr Hurd—No. That ignores the fact that the Soviet Union will control the television output from the Games.

There is no voting match. It is

increasingly clear that as the tide of boycott begins to flow strongly in many sports this is going to be a tawdry event with second-rate competition.

Mr John Gigg-Davison (Epping, Con, C)—Whatever other countries may do, will not any British athlete who goes there to compete dishonour himself and his country? (Labour protests.)

Mr Hurd—The competitors find themselves in a difficult position which has not been helped by the premature decision of the British Olympic Association to accept the Moscow invitation.

We will do what we can to help them in that situation, but believe it is strongly against British interests for British athletes to participate.

Mr Roy Hughes (Newport, Lab)—The Government must give up its attempt to blackmail our sportsmen and sports administrators. Particularly reprehensible was the attempted character assassination yesterday of Sir Denis Foreman—Labour cheer!—a man of the highest possible integrity, who has served sports admirably over so many years.

Mr Hurd—His integrity is in no way in question. We disagree with his judgement about British interests in this matter.

Mr Selwyn Gummer (Eve, C)—Britain should be leading and not

merely counting up how many other countries would do this. Without ignoring the personal character of Sir Denis Foreman, it is not said that he should commit suicide rather than be politically assassinated because he will not understand that he has a position as a British person and not merely as a representative of sport.

Mr Hurd—It is not for me to be drawn into further comment on him. We warmly welcome, for example, the latest decision by British athletes not to take part.

Mr George Fenkes (South Ayrshire, Lab)—What compensation is the Government prepared to give to those businessmen who have obtained franchises for the Moscow Olympics? Surely these are the kind of people the Government is trying to encourage. They will lose money as a direct result of the Government's action.

Mr Hurd—We have no intention of adopting a much more resolute attitude towards those who still wish to go to Moscow and who are not clear of our judgement as the British Government of where British interests lie. We hope that as many individuals as possible will follow that advice.

Mr Hurd—It is true that the tide towards a boycott is flowing strongly. United States swimmers, gold medalists in the last Olympic Games, have refused to compete without American participation is certain to be a rather second-rate affair.

Mr Edward Rowlands, an Opposition spokesman on foreign and Commonwealth affairs (Merthyr Tydfil, Lab)—Many of us, even those who have strong views, find distasteful and disgusting the attempts by members of the Government to brand individual sportsmen in Britain as dishonourable or as if they were disloyal to their own personal decisions. (A Conservative shout of "They are.")

Will he at least confirm that there will be no impediment or difficulty, administrative or otherwise, to allow individuals to make their own choice and go to Moscow if they wish to do so?

Mr Hurd—I entirely reject his account of what has been taking place. We have made it clear that it is a matter of choice in a free country as to whether people go.

We have also made it clear, and we must be clear, our judgement as the British Government of where British interests lie. We hope that as many individuals as possible will follow that advice.

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Sir William Barlow's departure regretted: differences denied

The exact reasons for Sir William Barlow's resignation as Chairman of the Post Office have been a series of such disagreements between Sir William Barlow and me and the Government as to the future of the Post Office.

There has been no disagreement between Sir Keith and Sir William Barlow, whose resignation he very much regrets.

Sir Keith Joseph (Leeds, North-East, Con, C)—Sir William Barlow has made excellent progress with the administrative preparations for the legislation the Government intend to introduce soon to separate the Post Office into two corporations.

Sir William knew that I hoped that he would become the Chairman of British Telecommunications but to my great regret he has decided to leave the Post Office.

He has been in the Post Office for two and a half years. His departure later this year will be a loss to the public sector, though I have no doubt it will be a gain to private industry.

He has also made clear, and we must be clear, our judgement as the British Government of where British interests lie. We hope that as many individuals as possible will follow that advice.

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he taking over in 18 months? The
Post Office is being asked to provide
a service well beyond what is
required in other countries.

Sir Keith Joseph—Mr Deakin has
unusually knowledge from outside
the Post Office as to what is
required in other countries.

There are a number of which he will
be facing since he has been a deputy
secretary in the department con-
cerned with Post Office policy.

I do not share Sir Keith's view
that the Post Office will come to
a standstill in the near future.

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Government seeking a change of attitude

House of Lords
Sir Keith Joseph, Minister of State for Foreign and Commonwealth Affairs, said, "The number was increasing all the time."

Mr Philip Whitehead (Derby, North, Lab) had asked how many countries were in agreement with the British Government in its proposal for a boycott.

Many of us (the said) who were deeply concerned about the holding of the Moscow Olympics in human rights grounds long before the invasion of Afghanistan or the American presidential election, feel that the current slugging match between the Government and the British Olympic Association is leaving us with the worst of all worlds in this country, exposing deep divisions where there should be unity.

Would he discuss with the athletes how he would go, as it is their right if they wish, some form of unified protest in Moscow during the holding of the Games?

Mr Hurd—No. That ignores the fact that the Soviet Union will control the television output from the Games.

There is no voting match. It is

EUROPE

Professor Hans Küng lists the issues that he wants the church to debate el theologian and the Catholic conflict

Professor Hans Küng, a Swiss theologian, has made a list of issues that he wants the church to debate. He is a leading figure in the Protestant movement for church reform and is known for his critical views on the Catholic Church.



Dr Küng: A pledge to continue the fight.

Professor Küng, who is a member of the committee for doctrinal degrees in the present and future of the church. But this solution does not mean that he is abandoning his theological and academic work. He is a member of the committee for doctrinal degrees in the present and future of the church. But this solution does not mean that he is abandoning his theological and academic work.

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Kagan believes he is 1 of political revenge

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Bonn leader invited to visit Moscow

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France pays homage to Jean-Paul Sartre

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OVERSEAS

Israelis want to show film on princess, but deny playing politics

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China names two new deputy premiers

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Germans play in support of BBC musicians

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TWA introduce a new class of comfort- Ambassador Class.



Specially for the transatlantic businessman.

It's the way all businessmen should go to the USA. TWA's new Ambassador Class™ is in a class of its own.

The drinks are free. So are the headsets for music and movies. Attention is special, with a priority choice of meals, an appetiser, and all served in First Class style with linen, glass and china. There are even little extras, like complimentary slipper socks and toilet articles.

Ambassador Class has its own section of the plane and, whenever possible, you will have an unoccupied seat next to you.

Ambassador Class will be available on all TWA widebodies from April 15. These are 747s and TriStars—the only widebodies TWA fly, because they're the ones passengers like.

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If you've got business in the States, or even if you haven't, ask your Travel Agent to book you TWA Ambassador Class. You'll never want to fly any other way.

You're going to like us

TWA

RSEAS an rail ke s after ours

er Hazelhurst
ril 15

proposed three-day
strike petered out in
six hours after the
powerful railway
sight most train and
to a halt.

tion leaders and rail
pers were reconciled
day by a board of
and tonight the
transport system was
again.

tuted 17 million com-
ers affected by the
2 during the morning
when most trains and
about Japan were
a halt to support a
or a pay increase
the projected 6.3
ote of inflation this

ommuters were re-
the prospect of a
transport strike. But
hours of negotiations
workers on private
nos was called off
ore it began.

av municipal under-
ains in Tokyo and
ities were again
according to time-

the afternoon union
presenting workers
national railway
led off their nation-
which had crippled
s and overland com-
ics for a few hours

e terms of the agree-
railway workers will
average monthly pay
£21. This will raise
by 6.6 per cent.

Anderson, an Ameri-
t who had been in
the protracted strike
workers in New
he was amazed by
of the strike in

re told they were
like when we arrived
days ago. I told my
set about our plans
a through Japan by
e strike began this
nd was cancelled.

s. This would never
New York. These
w what it is all
said.

strike, an annual
vil, did little to dis-
economy. Millions
no factory workers
to their desks and
last night, putting
their companies
manifolds of home.

r part the trade
vised by realistic
instructed railway
allow all rail
grishable goods to
ing the strike.

ands held
s camps
it trial

Moorehead
of members of
administration in
all in "reeducation
after five years,
an Amnesty Inter-
report published
They have neither
ed nor tried and

May and December,
ranking civil ser-
professional people
to the old regime
ched to be reedu-
cates specially in
provinces of Phom-
Neua.

Some have spent
four years in deten-
at being visited
repeated appeals to
n authorities about
orted missing since
nasty international
little information.

Kelly
April 16
hose Kampuchean
loyalty to the
rin Government and
ese supporters can
get enough to eat,
to reports from field
workers for inter-
elief agencies, who
an studying food
in the Kampuchea.

the rural population
living no more than
eal, rice of maize,
a some got nothing
government

employees and their families
are by contrast well fed,
receiving at least 40lb of rice
each month as well as fish,
chicken and vegetables. Such
generous rations appeared to
be part of the authorities' ef-
forts to create a loyal
administration.

The field officers found that
Phnom Penh and other big
towns were being adequately
fed, but the needs of the
countryside—where most of
the population live—were
largely ignored.

Food was seen to be ready
for distribution in urban ware-
houses and at least 1,500 vehi-
cles provided by Western aid
organizations, plus others from
Russia and Vietnam, were
available to transport it, but
the vehicles frequently re-
turned empty or with mis-
sionaries including Vietnamese
soldiers, the reports said.

Field officers said they had
been befuddled for months by the
destination of food as supplies
from storage centres some-
times did not reach the people.
One aid official suggested
that the Phnom Penh Govern-

ment was deliberately keeping
people on near-starvation
rations because it feared
stronger resistance from a
well-fed population.

Sir Robert Jackson, special
representative of the United
Nations Secretary General, will
attempt to remove difficulties
impeding distribution of food
and rice seed during a visit to
Phnom Penh.

Objections to his visit have
come from members of the
Association of South-East
Asian Nations (Asean).

Six big Indian banks are nationalized in surprise decision

From Richard Wigg
Delhi, April 16

Mrs Indira Gandhi, the
Indian Prime Minister, left
Delhi today for the Zimbabwe
independence celebrations,
leaving behind a financial com-
munity astounded by the
Government's decision last
night to nationalize six large
Indian banks. It was the first
economic decision with real
bite since she was returned to
power in the January general
election.

A total of 20 large banks are
now in the public sector, repre-
senting more than 90 per cent
of the country's banking.

Mr Pranab Kumar Mukherji,
the Minister of Commerce,
hastened to give an assurance
in Calcutta today that there is
no proposal to nationalize the
12 foreign-owned banks opera-
ting in India. Prominent among
them is Grindlays.

He pointed out that India was
expanding its own banks
abroad, notably in the oil-rich
countries of the Middle East.

There was strong criticism of
the surprise decision taken at a
specially summoned Cabinet
meeting last night before Mr
Gandhi's departure. Nervous
unloading on the Bombay Stock
Exchange today reflected the
shock sent through the business
community which had been ex-
pecting more pragmatic
measures from Mrs Gandhi and
her team of economic ministers.

Mr H. S. Singhanika, the presi-
dent of the Federation of
Indian Chambers of Commerce
and Industry said the decision
was both "sad and bad" and
would disturb the investment
climate.

It was said Mr Singhanika said
because many urgent economic
problems were crying out for
solution, among them the

nationalized banking sector's
standard of service to the country.
He accused Mrs Gandhi's
Government of frittering away
its mandate on policies which
had already been proved un-
successful.

This was a reference to the
nationalization in 1969 of 14
large banks by Mrs Gandhi
which split the Congress Party.
President Sanjiva Reddy
signed the nationalization or-
dinance last night under the legi-
slative powers the constitution
gives him when Parliament is
in recess. Subsequent parlia-
mentary approval is required,
but Mrs Gandhi's overwhelming
majority in the Lok Sabha
is certain to ensure the
nationalization.

Asked before she left what
was the purpose of more bank
nationalization, Mrs Gandhi
replied: "The same as before,
money for the essential pro-
grammes for the economically
weaker sections of the nation."

There is no doubt that the
Congress Party will use this
nationalization of the money
lender as one of the princi-
pal vote-getting arguments in
next month's assembly elections
in nine states.

Studies of the lending
patterns in rural India by the
nationalized banks since 1969
have shown a big expansion of
rural credit but it has gone
mainly to the bigger farmers.
Congress politicians know that
full well.

Several of the banks national-
ized last night, like the Andhra
and Punjab and Sind banks,
have been located in parts of
the country which have wit-
nessed considerable prosperity
during the 1970s. No figure of
compensation has yet been
officially mentioned.

Two more brief gunfights
took place before the extremists
were finally cornered in the
Emirgan seaside area.

They were all finally arrested
and identified as members of
the clandestine Marxist-Leninist
Armed Propaganda Unit which
is an offshoot of the Turkish
People's Liberation Front, a
rural guerrilla organization
founded in the early seventies
by Mr Mahir Cayan, a student
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US serviceman shot dead by Turkish terrorist group

From Sinan Fisk
Ankara, April 16

Terrorists shot dead an
American serviceman and a
Turkish civilian today in the
fashionable Istanbul suburb of
Etiler.

The serviceman, identified by
Turkish sources as Mr Sam
Novello of the United States
Navy, and Mr Ali Sabri Bayar,
were walking from Mr Novello's
flat when three men fired at
them. Both were killed instantly.

The gunmen were escaping
on a motor cycle when they ran
into a police patrol car. There
was a brief exchange of fire
and the men escaped, wounding
one officer.

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President's mother speaks up for women

From Ian Murray
Paris, April 16

At the age of 81 Mrs Lillian
Carter, a trained nurse from
Plains, Georgia, read her first
speech in public this morning.
It had been carefully prepared
for her, she admitted after-
wards, because she did not
want to say anything which
might embarrass her son, who
moved in 1976 from Plains to
the White House, Washington.

Mrs Carter's speech at the
opening of the two-day high
level conference on the
employment of women at the
Organization of Economic Co-
operation and Development
headquarters here, was there-
fore short and very much to
the point. In her view it had
been "Everything I say is in
Jimmy's desk the next morning."

Her son had in fact asked
her to attend the conference
and when it is over she will be
the first to report back to him
on what has been said. Mr Ray
Marshall, the American Secre-
tary of Labour, will make his
report afterwards. "Jimmy
listens to me first and then
he does what he thinks is
right," Mrs Carter said.

The conference has been
called to study the implications
of the growing workforce of
women and to see what
measures countries belonging to
the OECD might adopt to
tackle problems such as unem-
ployment and discrimination.

Discrimination is not some-
thing of which Mrs Carter has
any personal experience. "I
have not allowed myself to be
a victim of it," she said. "I
have never been discriminated
against. Nevertheless she had
heard of cases where discrimi-
nation had occurred and she
was proud to say that her son
was doing everything he could
to see that it was stamped out
in America.

She was not aware that there
was any criticism of what her
son was doing. "I know my
son is doing a great job and
all with Jimmy and they
don't argue with me," she
said.

She declared herself in com-
petent to answer any questions
on Iran or politics. "All I
know is that I read in the
paper," she said. "And I'm
not here to talk about politics
anyway."

She was happy enough, how-
ever, to talk about her son.
She was happy, too, that he
was going to stand again for
President and confessed she
was excited by the news. "I
get the newspaper very early
in the morning in Plains to see
what happened yesterday," she
said.

She was happy, too, to talk
about the Plains play area
in her son's life, and she did
not agree that the President's
wife had too much influence
on him. "And I say that as
her mother-in-law," she added.

Rosie's most important
thing in his life, she said, was
to have no hint of jealousy in her
voice.

She was satisfied, too, that
her son was doing enough to
appoint women to senior posi-
tions within the American
Administration. "Jimmy
knows better than he does
men anyway," she observed.

Eventually she would like a
woman to be elected as Presi-
dent.

Years later I returned to the
restaurant and the pizzas were
as good as that first taste. The
dough was crisp on the outside,
soft inside, not too thick, and
generously topped with a
gravy tomato sauce, melting
anchovies and tiny black Nioise
olives. More recently I came
across a filled, crescent-shaped
pizza that is even more
delicious. Called *crostata*, it
is a specialty of a restaurant
called *Le Croc Magnon* in
Meribel, in the French Savoie.
There pizza dough is used to
enclose a paté-like filling of
ham, chicken and cheese.
Flavoured with thyme, parsley,
garlic and tomato. Tomato sauce
and a sprinkling of cheese on
the outside stop the dough
drying too much in the very
hot oven temperatures needed
to cook pizza.

No one should be put off
making pizza because it calls for
yeast raised dough. Once made
and allowed to rise, the
punched down dough will keep
for three or four days in the
refrigerator ready to be used
at a moment's notice. The
tomato sauce base for all pizza
toppings keeps even longer, and
of course it can be made in
large quantities and frozen in
appropriately sized portions.
Other topping ingredients—ham,
cheese, anchovies, olives,
shrimps and almost anything
else that takes your fancy—are
all sold tinned, frozen or
in long-life packets. And once
baked, whole pizzas freeze well,
as do leftover portions.

Nearly half the world's rain
forests had been destroyed,
however, and between five and
10 million hectares of forest
were lost each year. Each year
about six million hectares of
arable land were lost to desert
encroachment and more than
1,000 animal and 25,000 plant
species were threatened with
extinction.

The governing council meets
until April 29.

Numbers now the key for women to make work impact

From Ian Murray
Paris, April 16

Virginia Novarra, lawyer,
administrator and author of
"Women's Work. Men's Work
The Ambivalence of Equality"
contributes this week's article.

When a woman is asked "Do you work?"
what the questioner wants to know is
whether she has a job. I point this out
not as a semantic quibble but because I
want to draw attention to a basic flaw
in our concept of "work" which is
equated with paid employment for both
practical and theoretical purposes. This
in turn has an importance for the status
of women which it is difficult to over-
estimate.

In my book "I examine the historical
origins and the present state in the in-
dustrialized West of the great division of
work into "men's" and "women's", and
the processes by which women's work has
become almost invisible in terms of social
value while men's work has come to be
seen as work *par excellence*.

This might be epitomized in the obser-
vation that while we still speak of the
process of childbirth under the old-
fashioned term "labour", no one would
ever think of referring to it as "work",
although it involves a great expenditure
of energy in what might be thought of
as the most fundamental and purposeful
of human activities.

Other essential tasks are also carried
out by women: feeding people; clothing
them; tending the weaker members of
societies, such as children, the sick and the
old; educating the young; and maintain-
ing the dwelling as a place of comfort
and ease. Even when women do these
things as employees they are not well
paid and their prospects of advancement
are poor.

Men, on the other hand, have ensured
that what they do is always remunerated
and that it carries a certain prestige re-
gardless of its value to the community.
While much of "men's work" is useful,
a great deal of it, I argue, is more like
leisure in that it consists of doing things
which are associated with a great ex-
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Howard Hodgkin behind the enemy's lines



doen). "Poussin was not a representational artist in the sense that Rembrandt was, Vermeer was born classical and representational."

Another of his passions is for Indian painting, and now for India itself, which he has visited annually for 12 years. Indian painting too he regards as classical, and he is enthralled. He is also fascinated by its use of colour for both emotional and decorative purposes, at the same time, and by its concurrent deployment of almost every kind of representational language in the same painting: an abstract sky, a simplified yet perhaps highly decorated sleeve, from which may protrude a modelled hand. Matisse's influence, often detected by critics, came more from Matisse's attitude to painting, his belief—extraordinary in his day, Hodgkin, feels—in its validity, than from the form or colour of his

He is a very slow worker, so high prices are in a way a necessity, given his meagre output. But no artist is the fact that many people who want to buy his paintings cannot do so—and that dealers, even when, as now, competing for his work, all demand their 50 per cent. He is, however, not in a strong enough position to fight back," he laments.

Perhaps they have less sense than the Americans, who, being behind enemy lines, do not see the home market were larger, with less need for the cost-cutting and complications of selling abroad. The day when the British will be able to afford to buy the good design does not, however, seem to be at hand. No wonder so many well-designed goods are imported, and so much good painting exported.

Roger Berthoud

William Mann
Kent Opera makes a welcome return this time to Sadler's Wells Theatre, bringing with it very recent productions as well as an older but interesting *Magic Flute*. They began Tuesday with Verdi's *La traviata* in Jonathan Miller's production new for last year's Edinburgh Festival when it was beset by troubles of all kinds. After a week of touring it has settled down and displays some significant merits.

Most pointed is the modest atmosphere set by Bernard Cuslish's scenery and costumes, and compounded by Miller's emphasis on jolly but essentially bourgeois and respectable middle-nineteenth-century moral values. We are not among French high society, but the demi-monde, nor are we in the company of the great Lauree hoydens but, in social life at least, demure, affectionate, and well-behaved. However, otherwise, would the Baron and Marquis frequent the circle of the house? Would Violetta yield to Germont senior's request of marriage?

Once this break with traditional operatic grandeur is accepted, the charm and appropriateness of the stage

pictures can be perfectly appreciated. They suit Verdi's music too, the parties (the two cabaret turns, fortune-tellers and tereosors, more crucial than ever in my experience) as well as the domestic scenes. Chiefly Dr Miller's view explains the touching, deeply human, completely untarted Violetta of Jill Gomez.

Some opera-goers may find her portrayal too demure, it is the brilliance associated with the music of the first act, but even there is cleanly and musically sung. The duet with Alfredo's father (Thomas Hemslay, sometimes unsteady but always cogent) and the immortal cry of the "Anami mori!" here sung in Michael Irwin's translation, acceptable (when audible), filled out the emotional pornography, likewise the refrains of "Quel che mi giungo", above all the music of the second act in which Miss Gomez became something like a great Violetta, with a legato and a command of nuance that made one hold one's breath for fear the magic might vanish. The leaves she gave us two verses of "Addio del passato".

Keith Lewis's heartfelt yet exaggerated Alfredo matched her impersonation. The others, visibly all amateurs, why? (why not?) looked and sounded well. Roger Norrington, in the pit, took a brisk and muscular, never unloving, view of Verdi's nonpareil score.

Noël Goodwin
Having nursed his players through two earlier performances and a first rehearsal, on Sunday, Simon Rattle had the measure of Mahler's fourth symphony for the Philharmonia Orchestra's concert on the South Bank on Tuesday, and I found it nearly impossible to concentrate as if it were bright and new. In a sense it was, as Mr Rattle unfolded it like a landscape freshly lucid after rain, a landscape that by its own degree of perspective and variegated detail of foreground, middle ground and background within the musical conception, shifting my attention to each of these elements in concert with the masterful placing of them.

As a colleague noted on this

spread of harmonic sentiment, but Mr. Harris held it just enough in check to turn it back into Mahler's sharper purpose.

The colours and the character were sharp enough to etch the line of the second movement, although the ghostly danse macabre of the solo violin was more enduring than the first. The driving urgency of the slow movement was admirably judged in pacing and character, with a firm contrast of weight from the interruptions to the music's search for that peace of mind which comes with a clear vision of the world's blues in the Wunderhorn poem of the finale. Ann Murray sang this soprano song brightly and with no false sentiment, taking us with her into Mahler's ultimate haven of innocent serenity.

Beethoven's Violin Concerto comes next, the first act of the programme and it could as well in a performance so leisurely that I thought it must have

Moshe Efendi and Zvi Avni, both from Israel.

The Koninklijk Ballet van Vlaanderen draws upon a range of choreographers; the Ballet of the Twentieth Century has been primarily an expression of Maurice Bejart's ideas. Over the years he has occasionally invited other choreographers from outside, and often encouraged aspirants within the company, but on the whole their works have not lasted. It will be interesting to see whether John Neumeier's creation for them (part of an excellent series called *Bejart in Hamburg* later in the season) will have better luck.

It is certainly ambitious, on a scale that matches Bejart's own grandiloquence. The title is *Mahler*, with a subtitle drawn from the "Wayfarer" cycle: *Lieb und Leid und Welt und Traum*. The music is Mahler's first symphony for the first part, followed after an interval by the Adagio of the unfinished tenth.

With so vast a musical canvas available, I am surprised that Neumeier thought it necessary to add passages of music in silence, and to the sound of wind or sea. They serve to reinforce the theme he has read into the music, of human aspiration, himself a

creation of nature but seeking to create. But I cannot help wondering whether the ballet might not be better without them, its meaning implied without explicit underlining.

On the other hand, that we may remove the most beautiful moments, when the women, in the course of the prologue, step into shallow troughs of water that adjoin the three sides of the thrust stage at the Forest National, then pick up water in their hands and sprinkle it over themselves. Simple, but it looks quite ravishing.

The ballet uses a large cast and has many group episodes of swirling energy, but three exceptionally fine performances dominate the action. Central to both parts of the ballet is the titanic figure of Jorge Donn, equally impressive whether gazing Narcissus-like into the water or leaping from the stage or hurling himself into a frenzy of aspiring leaps.

Among the women, Neumeier has singled out Sbonach Mirk for her warm generosity of spirit and Rita Poelvoorde for her calm gravity, both of them beautifully displayed in duets spread through the work.

John Percival

Ned Chaillet
Someone backstage at the ICA Theatre is not as interested in lunchtime theatre as the paying customers out front. While Alistair Campbell rambled on through his monologue for the audience, there were thumps, rustlings and shuffles from the men in the wings. Campbell reached the point in his monologue at which he was to be asked by an unseen interrogator whether he matter-of-factly says "You want me to finish," the man backstage let out a breathy "Yes," which the audience ignored it, it had become a two-man show.

When someone attempts a solo performance there are enough difficulties. Capturing and keeping the public's attention is the chief one, and matching one's voice to the

material is another. Since the script is by Mr. Campbell, he is presumably at home and he has an difficulty in modulating each word to its intended meaning. There are rather too many of them, however. His success in keeping the audience's attention from the erratic racket at the rear is more proof of his talent.

His story is not very surprising: an ambiguous recitation about the difficulties of life with mother dwelling on her wearing of pink rubber gloves, her castration of a cat and her more subtle castration of the narrator. Mr Campbell's words are in a style of formal, staid humour and literary description, as when he describes the cat as "smiling as only a neutered tom can", but the drama rather falsely hangs on killing the mother. He has a subtle but no control, but it is very lightly applied.

Should you see the performance, you need not applaud. He will not return for you.

ugh their violent raids are legendary, Vikings were the greatest explorers, traders of their age. Now for the first time discover the many aspects of Viking life at the British Museum. See how they lived, their craftwork, their traded and looted goods: jewellery, sword blades, Byzantine silks and ship relics. It is an exhibition unlikely to be repeated. See it for yourself and discover the fascinating world of the Vikings.



...times see Classified columns Closed 4 April and 5 May
PRODUCED BY THE TIMES AND SUNDAY TIMES
 in association with SAS Scandinavian
 Airlines and the Nordic Council.
 The film series **VIKINGS** coincides with the exhibition.

lights, all shot in the grainy and vivid colours of CBS News—but as a demonstration of how much the picture has improved since the austere tempered by good intentions it was highly revealing.

The women—36 in a total of 1,500—were wonderfully brave and apparently decent, though some were clearly victims of time preventing sad men from paying girls to make love to them, and it was instructive to see how easily you can get around the law if you have never mind Prague, for something defined as failing the Attitude Test. Lily and Judy, Dorothy and Mary-Ann, the earliest little females, which called them, were even. Whichever affection they learned on his script and his subjects rather less insistently than usual, and folded his arms a moment or two, he was. He too soft on his hosts? Maybe. Worse, is he molesting at last?

An intelligent affection was felt very strongly when he talked to the desired lesbians applying to join the force. The controversial representation of gays—it was never explained whether they would be paid as special constables or the huge pay community, or merely be absorbed, like the women, into existing regular work—arose from the outrage over the murder of Matthew Scoury in 1978. Which followed the case sympathetically, and, if nothing very novel emerged, the variety of people insisting that the only distinction that matters is between good cops and bad cops was hearteningly wide.



On Her Own
Riverside

Irving Wardle

Before arming herself with a blond wig and spottit dentures to launch into the official programme with Leiber and Stoller's "Ready to Begin Again", Eleanor Bron confesses to some doubts over the title

3. The exhibition contains drawings and prints made by the artist between 1962 and 1977, and includes portraits, still-lives and architecture. The works have been lent from private collections.

Fleming as Caesar

Robert Fleming will take the title role in Peter Gilf's production of *Julius Caesar*, which opens at the Riverside Studios, Hammersmith, on May 21, and runs until the end of June.

Others in the cast are John Price as Mark Antony, John Strappael as Brutus, Michael Byrne as Cassius, Gillian Barge as Calpurnia and Anthony Head as Octavius.

Irving Wardle

Before arming herself with a blond wig and spotlight dentures to launch into the official programme with Leiber and Stoller's "Ready to Begin Again", Eleanor Bron confesses to some doubts over the title

Rightly so. True, she is on her own with an accompanist (Patric Schimid) for 90 minutes, and a fair chunk of the entertainment consists of her own material. But at the same time, the stage is thronged with protective ghosts. From her opening second-hand funny story to the recurring names of John Fortune and Michael Frayn, she seems still conjoined with the Cambridge satirists in whose company she brightened

Some of the reviews on this p

sonality. Her brilliant bickering memoir *Life and Other Permeures* consists largely of a series of narrow escapes from the clutch of inferior acquaintances; and her career bears witness to the same dread of cliché and resistance to being labelled, plus the sense of being scrutinized by an elite rather than making contact with an audience.

In the present show, she seems ill at ease until she slips on a character mask, and she even rounds the evening off with a mock-cookery piece called "Breadcrumbs" about a lady who likes to few people that she prefers grinding up leftovers for the birds. It is quite funny, but it makes a queer epilogue.

Otherwise her own sketches and page are reprinted from yesterday's

keeping up the attack on awful swiping householder helpfully people with money, raising her voice to a blind piano tuner ("So you're blind! You don't know what you're missing!") and another Home Counties lady shot dead by her husband while peering the kisses on an adulterous letter. The best of these (another collaboration with Mr Fortune) introduces a television course in do-it-yourself surgery in the brisk Fanny Craddock manner.

The same targets crop up in sketches from other hands: a polite gossip with the Almighty in the *Afternoon Express* meanly youngest sister outside the door as thou knowest"), and one of John Mortimer's exposures of sexual excess in the suburbs.

Alongside this confident satirical vein, Miss Bron also includes quantities of semi-comic sketches of the Almighty material haunted by a dismaying sense of futility, aging, and death.

My's later editions.

Coming from writers as diverse as Stud Terkel, Randall Jarrell, and Peter Nichols, it is all highly quality stuff—not least two farewell letters from fighter pilots, one British, one Japanese, before making their final mission. The material is clearly there because she cares for it; but equally it seems that the more closely it touches her, the less it activates her talent as a performer.

It is easy to praise the show in negative terms, as a tentative self-portrait containing not a single false note. But one could have put up with a few false notes in exchange for more passages like her exuberant *Dionysus air girl* or her deadpan Jacques Prévert number, when she really comes to life and takes a few risks. This might happen more often in the songs with the aid of a less fearful, more note-reading accompanist.



SPORT

Athletics

Fellow Geordie may make Foster step up to the marathon

If Brendan Foster is lovingly regarded as the Pied Piper of Gateshead, then Mike McLeod is highly thought of in Edinburgh. Foster is the man who got the North East on its feet and running, but his heeded fellow Geordie looks set to take over from him, for it is McLeod's recent and current form over the middle distances that may persuade Foster to court selection for the marathon in this year's Olympics.

Foster and McLeod used to be training partners but they became close rivals. It was in July 1978 in Edinburgh that McLeod served notice that Foster could no longer regard himself as undisputed cock of the North, by beating him in the 5,000 metres in the United Kingdom championships. Three weeks later in Edmonton, Foster gained splendid revenge when he won the Commonwealth Games 10,000 metres title with McLeod third. It was remarkable that two men, virtually from the same parish should win medals in the same event in a major championship, but there was no sentiment. Foster and McLeod saw it only as a victory and a defeat respectively.

Since then, however, McLeod has stepped right out of his neighbour's shadow, in his early days as an athlete he had to live with

the myth that Foster was unbeatable. This year he hopes to build a myth about himself. McLeod is a lean, spare-haired man with a ferocious spring which can be dramatically effective as long as he is in 4th time. Experience is putting him in that position more and more often, and he took advantage of an unexpected opportunity in September to defeat the Dubai Golden 10,000 metres in Brussels.

That was the night Steve Ovett failed by a tenth of a second to beat Sebastian Coe's world 1,500 metres record and McLeod's performance was overshadowed. But the fact was that as the race unfolded in his favour, he was there to unleash the power of those finishes and beat a good class international field. Foster was a determined runner by McLeod, in fact, and it meant that he had beaten his old friend and enemy over both classic distances.

Like many other top British athletes, McLeod spent the winter of 1979 in New Zealand where he collected a number of successes. He is good and getting better, and if Foster does not make his mark for Gateshead in Moscow, this uncompromising character from down the road certainly could.

Move to lift US athletes out of 'depression'

Indianapolis, April 15.—The man who was to have been head coach of the United States athletics team at the Moscow Olympics, Tommie Smith, has called a meeting of officials and athletes to formulate a new international summer schedule.

Mr. Smith said in a prepared statement yesterday that United States track and field athletes were "dejected, depressed and at a loss" as a result of the United States Olympic Committee's decision to follow President Carter's advice and boycott the Games because of the Soviet Union's intervention in Afghanistan.

He called on athletes' representatives and officials of the Athletics Congress (A.C.), which took over as governing body of the sport from the Amateur Athletics Union (A.A.U.) last year, to meet on April 27 to set up a new schedule.

After praising the Olympics for the vast exposure they give amateur sports, Mr. Smith said: "It is now obvious that President Carter, Congress and the American public know the value of sports."

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Scots could soon lose the chance to relive past glories and avenge disasters.

Misbehaviour may bring Culloiden

By Iris Mackenzie

Scotland's football supporters are beginning to realise that their chances of seeing an exciting game of football at Wembley are increasingly slim. The alternatives are to play at Wembley before what would be, nominally at least, a totally English crowd.

The possibility that the annual match between England and Scotland might soon be held only in the memory of the football world, is not only the saddest, it is the most unfortunate of the year for Scots—the ultimate in challenge between two countries in any sport. If an unknown god were to reach down and paralyse the English goalkeeper 10 times in 90 minutes, that god would have 100,000 worshippers... at least until the next time; but the next time could be the last time. If it is, the Scots will have only their more unloving supporters to blame.

Association football matches, and to some extent rugby football matches, have always brought moments of high tension between the two nations. Most, though by no means all, of it, has been generated by the Scots and the English. The Scots are a much more volatile creature than the Anglo-Saxon. In Hampden Park and Wembley he sees Barmokburn and Culloiden, an opportunity to relive past glories and avenge disasters.

That the year is 1980 and not 1746, and that the round object is a football and not an Englishman's head, does not occur to him. This is one of the few times that the Scots are to be seen in the 1975 games, have been added to the entry for the AAA marathon championship, sponsored by the Scottish Insurance Company, at Milton Keynes on May 3.

The scrutiny committee have examined both their entries and accepted the reasons for their late arrival. John Marshall, national administrator of the AAA said yesterday: "Stewart's entry was clearly delayed in the post. Stewart had thought that as a member of the Welsh AAA marathon pool he was automatically entered."

He has been training on the continent and immediately on his return he consulted us when he discovered that his name was not among the competitors. Simmons, of Luton United Harriers, won the AAA marathon title two years ago but did not defend last year. Stewart, now making a successful comeback, was within a second recently of Brendan Foster's short-stage record on the national road relay course at Barton Coldfield.

There is nothing wrong with the Scots giving their side tremendous encouragement, nor is it objectionable to celebrate a victory or an honourable defeat. After all, let it not be forgotten that Scotland have won more often than they have lost.

What is totally unacceptable to the great mass of Scots, as much as to Londoners, is the approach by more than half a hundred of those who allegedly make the beautiful trip south. Urinating in front gardens, defecating in tube trains, vomiting on pavements, slapping people and property, cursing, swearing, shouting and all at maximum volume, cheating, stealing—it all goes on.

The most disturbing aspect of all, however, is that this uncivilised behaviour is increasing. England, the Football Association and Wembley Stadium Ltd may have over-reacted to the removal of the Wembley turf three seasons ago after Scotland won 2-1, although

there were ugly scenes that weekend. No revision could have been too strong at the horrible activities last year, when at times it seemed that half of London was being disgusted and terrified. It was amusing at one point to watch two characters armed with an acetylene torch trying to cut their way into Wembley, but not so amusing later to be locked inside a pub because the landlord would not open the door to the hordes outside.

The future of the match is now in jeopardy: the Metropolitan Police, British Rail, London Transport, FA and Wembley authorities have already held several meetings, one involving the Home Secretary. The Scottish FA have been involved too, and some members are known to favour abandoning the fixture if there is no improvement in behaviour next year.

Various proposals have been made, including playing every fixture in Glasgow; another suggests "dry" trails on the way south, routed direct to Wembley with supporters banded to the ground and back again. Yet the most effective idea of all is being quietly introduced by the FA: it is a realising in the fact that it is this thing which is now getting through to the Scottish supporters.

English clubs are being told they will not be given tickets for the match at Hampden this year. Most of the tickets allocated by the SFA will be declined, with only a handful going to officials. This means that next year the FA will be able to send only a small number of Wembley tickets to Scotland, using the precedent.

That indicates that after the Hampden game next month there will be at least one more fixture at Wembley, but it could be the last. The kind of ingenuity which

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Tennis

Gilbert threatens to fulfil his promise

By Rex Bellamy
Tennis correspondent.
Britain in the quarter final of next month's world tennis championship. The Federer has a somewhat unusual name. Sylvia Hanika will be the first woman to play in the Davis Cup team for two years, has failed to reach the last eight of a modest field in the Debenhams tennis tournament at the Cumberland Club, Hampstead. He was beaten 6-2, 3-6, 6-3 yesterday by Britain's Junior Clay Court champion, Keith Gilbert, aged 18, who lives near High Wycombe.

Gilbert is a fluent stroke-master with an enviable tennis sense, and this was a good performance. He has become disillusioned by the stability of British tennis, and is determined to make much improvement on the professional circuit, but for the moment Gilbert has a good deal in his favour. His next opponent will be the 1978 Wimbledon champion, John McEnroe, ranked tenth in Britain and this was the Debenhams event for the past two years. This is the Cumberland Club's 100th anniversary, and the tournament dates from 1927 and this is the fourth sponsored by Debenhams. The prize money is £2,000, which is not much these days, but at least it is allocated to the four events on a more equitable basis than that applied to tournaments sponsored by Debenhams.

The singles field is strong, with the presence, in strength of ranked British players, strongly challenged by the respective world seeds. Dale Collins, ranked 12th, will play the 1978 Wimbledon champion, John McEnroe, ranked tenth in Britain and this was the Debenhams event for the past two years. This is the Cumberland Club's 100th anniversary, and the tournament dates from 1927 and this is the fourth sponsored by Debenhams.

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may be kindest h for Barnes

which includes Alitalia and Lancia. The money has kept pace with inflation and the owner will take home about £5,000.

Italy, to their credit, move their national championship round the country and this year it returns to Aquilino, a town 100 years ago. Tony Jackson scored a victory. It is an old-fashioned kind of course which has been out in the early years of the century by a group of British diplomats. They were not noted for their skill in course design but they clearly had an eye for country and came up with some first class holes.

The course measures a little over 6,500 yards but it is a test of bounds and ditches lying in wait for the wayward shot. The greens are well kept and have a velvet touch. It is hardly surprising that they have been under the supervision of Italy's most distinguished woman golfer, Mrs. La Goldschmidt. If one had to point to a leader of the way, it would be Mrs. Goldschmidt. She has won the British card auction tournament last month and had a 65 in the pro-am today, one stroke more than Greg Norman, of Australia.

The lowest professional score of 65 in the pro-am came from Antonio Garrido, of Spain. That and a 66 by Brown are indicators of the standard of scoring that can be expected on these greens. Mrs. Goldschmidt's score suggests that the Spaniards have been inspired to greater effort by the success of Ballesteros. I would doubt that but it is a nice thought.

terros fights fatigue

As a favourite with Tom Watson in the 30-man field of champions. Ballesteros, the outstanding player in the game for the last 10 years, has been fighting fatigue. It was my belief that he was in the best of his form. He had a few problems of his own. He had a disappointing Masters and said he was experiencing some swing problems. He had a bad start in the Open. The other multiple winners are Lee Trevino, Jerry McGee, Andy Beal, Craig Stadler and John Fought.

In addition to Watson and Ballesteros, the leading contenders for the title are Tom Watson, Trevino, US Open champion Hale Irwin, Hubert Green, and David Graham, of Australia, the Professional Gold Association champion. They are among the tour's most accurate drivers, and the deep, heavy thick rough could place a premium on accuracy. AP.

nd son foursomes results

1. A. and P. A. (1st round) 144. 2. B. and C. (1st round) 145. 3. D. and E. (1st round) 146. 4. F. and G. (1st round) 147. 5. H. and I. (1st round) 148. 6. J. and K. (1st round) 149. 7. L. and M. (1st round) 150. 8. N. and O. (1st round) 151. 9. P. and Q. (1st round) 152. 10. R. and S. (1st round) 153. 11. T. and U. (1st round) 154. 12. V. and W. (1st round) 155. 13. X. and Y. (1st round) 156. 14. Z. and AA. (1st round) 157. 15. AB. and AC. (1st round) 158. 16. AD. and AE. (1st round) 159. 17. AF. and AG. (1st round) 160. 18. AH. and AI. (1st round) 161. 19. AJ. and AK. (1st round) 162. 20. AL. and AM. (1st round) 163. 21. AN. and AO. (1st round) 164. 22. AP. and AQ. (1st round) 165. 23. AR. and AS. (1st round) 166. 24. AT. and AU. (1st round) 167. 25. AV. and AW. (1st round) 168. 26. AX. and AY. (1st round) 169. 27. AZ. and BA. (1st round) 170. 28. BB. and BC. (1st round) 171. 29. BD. and BE. (1st round) 172. 30. BF. and BG. (1st round) 173. 31. BH. and BI. (1st round) 174. 32. 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Small businesses



A way out of economic decline

ICI, Britain's largest industrial company, employed 132,000 people in the kingdom, 201,000 world wide. In 1974 it employed 89,000 people in the kingdom and 148,000 world wide. Group sales in 1974 were £2,954.8m and profits totalled £5,368m.

alone. With a more than held their own against the ravages of inflation.

If the answer to that question is no, then the Titans have run out of growth and the sources of new employment and new wealth must be looked for elsewhere.

During the 1970s the conviction has grown that small businesses are the answer. For many of their more evangelical devotees they are not merely one way out of our economic decline, they are the only way.

The reasoning is simple: give a businessman with a bright idea £250,000 and he may create 15 new jobs, perhaps 20 if he is in a service industry. If the idea works he will create more jobs and his profits, wages, taxes and rates will all be new net gains for the economy. Give ICI, GKN, Tube Investments or British Steel £250,000 and it will

probably be used to streamline some operation, probably reducing the workforce.

The percentage growth in profits will be undetectable as will new taxes or rates, if there are any.

So although between £12,000 and £17,000 of new investment will create a job in a small business, the figure for job creation in large companies is put at £40,000 to £50,000 a job, though estimates vary very widely indeed.

A study by the Massachusetts Institute of Technology in the United States showed that 66 per cent of new jobs in the past 10 years were created by companies employing fewer than 20 people.

More American research—this time from the National Science Foundation—showed that the amount of innovation was greater in small companies. The NSF said that small companies were 24 times more efficient at producing new ideas than big companies.

With unemployment apparently heading inexorably towards two million, the attractions of stimulating Britain's 1,300,000 small businesses enough to encourage them to take on just one extra employee

each are clear enough. Indeed the weight of all the evidence is such that now there are few dissenting voices amid the steady flow of assistance emanating both from the law government and the present one. But there are two worries: will it work and is it all too late?

The question of the lateness of the hour was first emphasized by the Bolton committee report in 1972. In historical terms this document represents the major change in thinking on the whole of British corporate strategy.

During the 1960s the belief in economies of scale, in centralization and in rationalization had led to a national mania for mergers. It was believed that simplifying industry into fewer, bigger units would reduce costs per product and strengthen our international competitiveness. With a product like cars this has proved true. Any volume car producer is now believed to be not viable if it produces fewer than one million units a year.

But in specialized areas, and even in some mass production areas, the theory did not work. A giant parent holding company merely saddled local effi-

cient operations with the burden of central administration costs. Small businesses that had prospered in spite of humpy and cyclical profits performance found themselves judged by the pitiless demands of a consistent return on capital or they were chopped as not fitting into the corporation's pattern.

Meanwhile, unnoticed until the Bolton committee, new enterprises were not starting up. The reasons were complex but they can be summarized most simply as the combination of an emphasis since the war on a tax system designed to encourage investment by the individual either in his house or in institutional savings systems; second, the need for the huge burgeoning institutions like pension funds to invest safely in blue chip equities or government securities rather than in risky small enterprises.

So the sector was squeezed by takeovers and by reduced incentives and opportunity for entrepreneurial endeavour. Now our 1,300,000 small businesses, with their 4,500,000 employees and 1,700,000 self-employed compare with, for example, the 5,400,000 small businesses

employing 32 million people in Japan.

This hardly 1,300,000 now accounts for 96 per cent of the total number of United Kingdom companies. Their total turnover of £57,000m represents 20 per cent of United Kingdom corporate turnover.

But the reduction in the absolute size of the sector is not the only worry. Recent figures, necessarily approximate, suggest that it is the type of small businesses that is causing problems.

For out of the 1,300,000 only 100,000 are manufacturing businesses. Of the rest there are 290,000 in construction, 150,000 in agriculture, 235,000 in retailing, 50,000 in professional services, 100,000 in catering, 50,000 in motor trades, 105,000 in other services, 60,000 in transport and 75,000 in wholesaling.

This represents an alarmingly low level of manufacturing in the sector. However, it is unlikely that these figures, which became available only just before the Budget, will influence government policy. The present political climate is in favour of general rather than selective help; the latter smacks too much of intervention in the free market.

So the sector is looking sickly both in absolute numbers and in structure. Remedial measures must, by their nature, take time and there is no certainty that the process of decline can be reversed. Will a resurgence of private wealth available for investment really regenerate the spirit of risk-taking? Do the opportunities really exist in the modern British economy?

But the price for a successful small business programme is so immense and the "small is beautiful" sympathies of the public became so deeply entrenched during the 1970s that the momentum has steadily grown. Indeed the large proportion of the last Budget given over to small businesses, in spite of immediate charges that the measures were not enough, represented the highest point so far reached by a wave of pro-small business measures from within Government that began in earnest in 1978.

It was then that Mr Harold Lever, now Lord Lever, followed up a Denis Healey Budget which contained £200m of tax concessions for small businesses with a statement of a four-pronged attack on the issue. These were: involving pri-

vate investors, involving the big institutions, investigating the possibility of guaranteeing loans to small businesses and finally involving local authorities.

Since then pressure groups, like the Union of Independent Companies, have widened the area of possible help to include planning regulations, form filling (a particular concern of the Bolton committee), audit requirements, employment legislation and a further apparently endless list of ways in which small businesses are specifically discriminated against by some kink in the political and economic system.

The Budget represented a significant victory for the small business pressure group within the Conservative Party. Privately they reckon the Chancellor gave them 13 out of the 20 measures for which they were pressing.

Perhaps the key element was the new facility for capital invested in new ventures to be allowable against taxed income, thus widening the incentives on the investment side. Close companies, those controlled by five or fewer people and which are often small family concerns, are helped by widening the area

of tax relief for borrowed money invested in the company and the taxes on distribution of close company income are eased.

Small company corporation tax has fallen from 42 per cent to 40 per cent. Relief of 40 per cent tax now applies up to £70,000 profits, as compared with £50,000 profits previously, while the higher rate of 52 per cent does not now come in until profits of £130,000, instead of £100,000, are reached.

Stamp duty on dealings in unlisted securities was cut to a straight 50p instead of the previous 2 per cent and the turnover limit for VAT registration has been raised from £10,000 to £13,500, taking many small shops out of VAT altogether.

These are further steps along a familiar path, but the other principal Budget measure is an innovation. It involves the creation of "enterprise zones" which will be selected areas where for a 10-year period planning procedures will be simplified, industrial training requirements will be relaxed and there will be exemption from development land tax and from general rates on commercial and industrial property.

Bryan Appleyard

Death duties and taxes take their toll

Aunt Agatha's legacy is sadly missed

After both the world wars, instead of going back to finish, say, a craft or a business alongside younger students, many young men set up their own businesses.

Psychology, too, is important. Research carried out by Jonathan Boswell for his book *The Rise and Decline of Small Firms* suggests that business founders tend to be loners from the outset. For a great many it seems to be the itch to be independent, to be one's own boss, which started them off.

Any survey of small companies invariably runs into problems with definitions. When does a small firm become a medium sized or even large? Does the answer depend on turnover, profits, number of employees, or company

structure? Should it include farmers, doctors, shopkeepers, laundries, jobbing builders, taxi drivers, restaurateurs and a host of others?

Taking manufacturing enterprises alone, one estimate is that there are about 60,000 companies in Britain each with fewer than 500 employees. Of these, it is estimated that about 45,000 are private and independent companies. Figures published by the Confederation of British Industry on companies up to 100 employees show that about 20 per cent of manufacturing employment is in small establishments.

The Government's Bolton committee of inquiry into small companies, whose report was published in 1971, concluded that there were three main criteria of a small company:

It should have a relatively small share of its market. It should be managed by its owners in a personal way, and not through the medium of a formal management structure with separate functions being managed by specialists.

It should not form part of a larger enterprise which could provide financial assistance and backing.

On this basis, the Bolton committee suggested that there were at least 1,250,000 small businesses (more than 90 per cent of all companies) and that small businesses employed more than seven million people (about a third of the employed population).

Small companies are much in evidence in traditional industries such as textiles, printing and publishing. They also offer specialist services to big factories such as the car manufacturers. Industries in which there is an important design element and relatively low capital costs, such as clothing and furniture, have always nurtured small companies.

They are most prevalent in commerce, where capital requirements tend to be lower than in manufacturing. The Bolton committee estimated that 96 per cent

of both retailing and catering companies were small businesses.

Surveys have emphasized the importance to industry of the innovations which have come from small businesses. The newest electronic technology has enabled many small companies to develop. For an earlier generation of businessmen, plastics performed a similar function.

One of the main motivations for setting up in business is when the prospective entrepreneur believes he can improve on the methods used by existing companies or when he thinks he can introduce a unique product or process.

For small companies, particularly those which are just starting, finance is critical, because of the inevitable interval between setting up a company and getting paid by customers. The Confederation of British Industry blames something which it has called "the Aunt Agatha gap" as an important contributor to the decline in small businesses.

This is the family legacy, which was traditionally used for starting new businesses but which has been whittled away by death duties and other taxes.

There is nothing really to take the place of the legacy. Too little is known about how redundancy pay is spent for any firm conclusions to be drawn about it. Anecdotal evidence suggests that for most recipients it is too little to do more than cushion the period before finding another job.

But a few do use this source to start independent businesses. Others use self-accumulated savings, help from friends, service pensions and the like. Still others build up their businesses gradually while still in full employment elsewhere.

Bank loans are the most common means of augmenting funds and covering delayed payment by customers. Most small business proprietors are heavily dependent on their bank managers. Banks in turn are influenced by the economic climate, and small businesses

are often the first to suffer when there is a credit squeeze.

Finance is by no means the only pressure. Fatigue is a big problem, particularly in the early days of the company. There are no paid holidays or sick leave, and little time off.

The strain on the domestic environment is acute. Bank managers, who probably know more about small businesses than anyone else, usually like to interview the proprietor.

Promises, particularly for manufacturing businesses whose processes may be dirty, noisy or otherwise environmentally undesirable, are a real problem. BSC (Industry), the job creation subsidiary of the British Steel Corporation, found a need for small workshops when it converted some of its disused steelworks into small business trading estates.

Urban redevelopment has demolished many of the old railway arches, converted stables or back street corners which used to house infant businesses. Conventional industrial trading estates tend to have stringent leasing requirements, and their premises are often too big and too expensive to start a business in. Local authority planning regulations inhibit householders from using their front parlour, garages or garden sheds for business purposes.

The breaking point for companies often comes when a move to house more costly premises is needed to sustain growth. At this stage any delay caused by planning authorities, leasing requirements, insurance, transport or a host of other problems can be fatal.

It is not surprising that a high proportion of entrepreneurs cannot stay the pace. Business mortality figures vary, but according to one study more than 70 per cent of all business failures occur within the first 10 years and more than 60 per cent within the first five.

Patricia Tisdall

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Data General computers are now at work in 70 countries.
Data General computers are now at work in 70 countries.
Data General computers are now at work in 70 countries.

SMALL BUSINESSES

Two thousand delegates show their strength on Capitol Hill

The family shop is as American as motherhood or apple pie

In America nothing is done on a small scale. Even the American approach to small businesses is big and it is a salutary lesson to compare the standing and political power of small businesses in the United States with those of their counterparts in the United Kingdom.

Small businesses start in America in much the same way as they do in the United Kingdom. The germ of an idea—the gleam in the entrepreneur's eye—prompts an experiment at first in the kitchen or in the garage. Gradually it takes over its progenitors' life; the spouse is recruited on to the payroll and soon over its progenitors' life; the garage is superseded by separate if modest premises near by and sooner or later the entrepreneur goes full

time, leaving his official bread-winning job to someone else to launch himself full time, day and night, week in and week out, into his own enterprise.

A tiny few of such ventures will be great successes, becoming a name on the lips of every household in the land. Of those which survive, the vast majority in any country will provide a living to the founder but, above all, it will give him real independence.

So for the United States and the United Kingdom stories are alike: in concept the pattern is similar, but in reality the small business sectors of the two countries are poles apart. The United States environment is so much more encouraging in almost every aspect and the problems Americans complain about are on a different

plane from those facing the budding United Kingdom entrepreneur. The question which should be on the mind of every British small business proprietor, of the Conservative Government and especially of its small business minister, Mr David Mitchell, the Under-Secretary of State for Industry, is—why?

The answer is simple: it is political power, pure and simple. Family businesses in the United States are on a par with motherhood and apple pie; they are part of the way of life and the ethos of what is America. They are written into the Constitution.

In the United Kingdom, business is the vogue of one decade, smallness the bandwagon of the next. Here too much is said and too little done even though we

appear to be in the right decade.

In the United States actions speak louder than words and political inactivity is deplored. American small businessmen are political. They know the crucial importance of a powerful political lobby and in Washington, as well as in state capitals, the political lobbyist is an important member of the democratic process.

They do not complain that their individual commercial problems are so great that they do not have the time and energy to join the larger political war. So United Kingdom politicians have a relatively easy time: the criticisms which Mr Harold (now Lord) Lever and his successor Mr Mitchell face are tame by com-

parison to those encountered by their United States counterparts.

Compare the size of the two countries' small business lobby groups. The American National Federation of Independent Businesses has more than 600,000 members, a full-time staff of more than 500, of whom 19 are based in Washington, and an annual income of over \$15m. The NFIB quarterly analysis of the United States economy makes counterpart United Kingdom publications look like second-rate do-it-yourself guides to elementary economics. As Mr "Denny" Dennis, the research director of the NFIB, puts it: "If you have the information, you can fight the battle; knowledge and power are the two fundamental tools in this business."

But the fault does not really lie with either the British small business organizations or their key campaigners. The Small Business Bureau has more than 4,000 members, the Association of Independent Businesses has 2,300 (and more than 25,000 affiliated through trade associations) and the Union of Independent Companies has representation in more than 200 constituencies. As a proportion of the British small business lobby, such memberships are tiny.

Mr Geoff Lacey, chief executive of the SBB, points out: "So often I have small businessmen say that they must not—or dare not—get involved in politics, but they had better realize that it is only by working effectively within a political system that they

can genuinely influence government.

The SBB has a unique parliamentary role which we see as being complementary to the activities of our fellow pressure groups in this area. "But like them, we do wish that small businessmen would regularly invest even a modest sum each year to fight the battle on their behalf. In this regard they should follow the example set by their American and European counterparts—and even by the British trade union movement."

The problem is that British small businessmen just will not come out and fight en masse in the same way. In the United States, the NFIB can raise havoc at federal and state level for the causes in which its members believe. United Kingdom pressure groups actually do well on tiny budgets and part-time volunteers staff, for example, the SBB. Mr Barry Baldwin, economic chairman of the UIC, is responsible for putting together its economic and fiscal policy proposals, yet is a full-time partner in a firm of accountants. As he put it recently: "One can not be concerned about the quality of the information being communicated to government here. There is a fundamental lack of communication of the problems facing independent businesses because owners do not appreciate that ministers and officials will actually take the time to listen if they consider that there is sufficient force and plausibility to proposals being made."

Yet nowhere was there a clearer than in Washington in January. If House conference business for the next 15 months for immediate Christopher K

State intervention is sensitive issue

Loan guarantees still hotly debated

Ever since Mr Harold Lever put loan guarantees firmly on the late Labour Government's programme for helping small businesses in April, 1978, the proposal has had a rough ride.

In public the idea has always been at the "consideration" stage but in private there has been fierce opposition from a variety of sources. The basic, relatively simple proposal, has now gone through a series of elaborations to try and make it more palatable to the various parties but still the pro-guarantee lobbyists can hardly claim they are much nearer winning any significant victories.

Loan guarantees would work as follows: a small business which for some reason cannot raise loan capital through the normal banking channels would be able to raise a guaranteed loan through some lending institution. This would be backed by a government guarantee which would reduce or even eliminate any risk to the lender.

This basic skeleton of a plan immediately poses four difficulties: it might tend to encourage lenders to put all their most dubious loan applications into the scheme, thus making it a depository of high-risk "dubious" loans; it would distort the debt/equity ratio of companies, possibly making the whole small company sector look dangerously overleveraged; it could generate a high rate of bad debts and thus losses for the Government at a time when public spending is being drastically cut elsewhere; and finally, it raises ideological objections from the Tories as it represents a type of intervention in the free market which they are pledged to avoid.

The objection to overleveraging and yet another of administering any such scheme were the first stumbling blocks. Immediately after Mr Lever announced his programme, it became clear that there were deeply-rooted Civil Service objections.

Department of Industry officials opposed the plan with the aid of backing from the Industrial and Commercial Finance Corporation in the form of evidence in the form of a memorandum on the functioning of financial institutions. This argued that other countries were becoming alarmed at the increasing amount of debt in company balance sheets and any system of guarantees would create the same situation here.

This opposition combined with behind-the-scenes doubts—probably emerging at times as outright opposition from the banks—weakens the initial enthusiasm and only cautious ideas for experimentation emerged.

The role of the banks throughout the debate has been crucial though never explicit. The inherent implication of any guarantee scheme is that they have been falling down on their job: if reasonable ventures exist which deserve loan capital why have they not been lending?

The answer probably is the heavy emphasis among British bankers on secured loans. This works when a small businessman has enough security to offer; this often includes his own house. It is no use to a viable business with few assets: a computer software company would be a typical example.

Doubts from the bankers about the viability of or need for any scheme have continued into the present administration, and since these doubts hinge on the notion that there ought to be a free market for capital without government intervention they probably now receive a more sympathetic hearing.

However, a substantial number of Conservative small business lobbyists are committed to the idea. They argue that, intervention or not, the possibility of injecting £1,000m or more of new capital into the small company sector and its potential effect on the debt queues cannot be ignored.

So the pressure was maintained. This resulted in an initiative in November in the form of an entirely new type of scheme devised by two accountants from Price Waterhouse and backed by the Union of Independent Companies.

This scheme initially involved the bank taking on the full risk for 25 per cent of any guaranteed loan—some substantial portion of the risk being taken by the lender has always been accepted as necessary to prevent the plan becoming a loan dole—but the real ingenuity concerned the other 75 per cent. This would be government-guaranteed and could thus become a loan note with the same status as gilt-edged stocks.

So, having made the loan the bank could then sell off the guaranteed element as loan notes to all the usual investing institutions, which could justifiably claim they

were now investing in real productive industry instead of government debt, and yet would avoid the consequent risks and expense of monitoring relatively small investments.

The accountants backed the scheme with estimates that £10m lent on this basis would generate 10,000 new jobs worth £8m in income tax and £12m in saved unemployment and social security payments.

But an 8 per cent loss rate on a similar scheme run in the United States provided damaging evidence against the idea, though the accountants argued passionately that losses could be kept to an acceptable 3 per cent here and that could be reduced to 2 per cent simply by charging an additional 1 per cent of interest as a safety net.

There is also a wider, possibly more significant, objection. The plan would mean that more government paper was in issue. This would mean the price of gilt-edged stocks would tend to be pushed downwards and interest rates upwards, clearly a bad proposition in the present climate.

The Union of Independent Companies has struggled on, however. It has painstakingly explained and argued for the scheme in meetings with Mr David Mitchell, the minister responsible for small businesses, and his civil servants and with the Committee of London Clearing Banks.

But the likelihood now is that loan guarantees may just become fact while the loan notes idea has fallen from favour. This could well be temporary as a change in the economic climate might make it look less alarming.

The government attitude is that loan guarantees are just one possible way of helping small businesses; others are being both considered and acted upon.

However, the supporters of loan guarantees are continuing to fight energetically. To the faithful it is the surest and quickest way of injecting new life into the whole small business sector and they fear that "the preoccupation with security and the discounting of asset values by United Kingdom banks" as well as misunderstandings about the effects of the scheme in government and the lending institutions will kill a major lifeline for the economy.

Bryan Appleyard



Cooperation between a local authority and the GLC has produced these specially built factory-warehouses in Lambeth, accommodating both national companies and new businesses.

No great untapped reservoir of skilled labour

The myth of our inner cities

The present model, and to some morbid concern with the problems of inner cities has already created its own myth. One of them is that comprehensive redevelopment in the 1960s and 1970s swept away thousands of successful and prosperous small firms which provided employment for local communities, and which have now disappeared for ever.

But it is not as simple as that. The fact is that small businesses, particularly in big cities, have always led a somewhat precarious existence. They have had a high birth rate and a high mortality rate, and their survival is affected by all sorts of

economic factors which have nothing whatever to do with urban planning. The rag trade in the east end of London has managed to survive the successive blitzes of Hitler's bombers and the town hall planners, presumably because its businessmen have been shrewd enough to study their markets. Conversely, the lace workshops of Nottingham went out of business long before the term redevelopment was even invented. The little industries that used to ring inner Birmingham were indeed bulldozed, but it is doubtful whether more than a handful would have survived had they been left undisturbed.

Where the developers failed, however, was in not recognizing the need to provide opportunities for small businesses to start up or carry on in inner urban areas. What mattered was not so much that small factories and workshops were destroyed in the process of redevelopment, but that their owners and contents were offered no alternative accommodation. There are no records to show what happened to those who were thus displaced. Some undoubtedly were too old or too dispirited to start again, but others can be assumed to have begun again somewhere else.

Mr Bert Nicholson, a friendly and articulate Scotsman who is secretary of the Association of Independent Businesses, is adamant that urban redevelopment has had a far more serious effect in inhibiting the birth rate of new firms than in accelerating the death rate of existing ones.

He accepts that a certain amount of hardship has been suffered by firms which have received inadequate compensation or have experienced delays in settlement. But in many

cases, he claims, displaced businessmen have decided either to retire slightly earlier than they would otherwise have done, or have been stimulated to move elsewhere to more modern and convenient premises which have given them the opportunity to expand.

He is much less sanguine about the prospect of establishing new industries in the inner cities. Until after the First World War, the cities offered ideal opportunities for entrepreneurs, with a largely skilled labour force living in fairly close proximity. But the growth of commuting has meant a dispersal of managerial, white collar and skilled workers. There is, in the current jargon, a mismatch between the needs of those firms which might be persuaded to establish themselves in the inner cities, and the available talents of local people seeking employment. Because of the distances involved the difficulties are most acute in London but are common to most large towns and cities.

Advocates of inner-city revival programmes have too often glibly assumed that there are large numbers of potentially skilled workers ready and able to be trained in new techniques. Unfortunately the reverse is usually the case. Historically the towns and cities of the north and England and the Midlands were dominated by large firms employing a mainly unskilled workforce. In the South-east the position was somewhat different, but the harsh fact is that in those areas which give cause for the greatest concern, such as the London docklands, the unemployed consist mainly of dockers and general labourers.

The notion that inner cities contain a great untapped reservoir of skilled labour is, Mr Nicholson suggests, a myth. The idea of a tradition of small businesses serving the local community has been greatly exaggerated, and the contribution of such businesses to the urban economy, at least in

the twentieth century, has been fairly small.

Government and local authorities are thus faced with the problem of not so much sustaining, as reversing, economic trends. If inner cities are to become the seedbed of small business growth, incentives will likely be required on a scale that the eventual results may not justify.

Moreover, policies to date have done little to help matters. Most urban local authorities are traditionally Labour dominated, and post-war redevelopment schemes have concentrated overwhelmingly on housing. Successful Labour and Conservative governments have tilted the scale of subsidies to the point where the use of land for housing has been seen as by far the most attractive option.

Many people, looking around at the huge areas of unused land in many British cities, would be inclined to doubt whether the local authorities claim. But it is a fact that urban land is excessively expensive. It is consequently difficult for fledgling business enterprises, most of which are under-capitalized, at low densities and at what are likely to prove uneconomic rents. In addition, experience has shown that only a small proportion of so-called industrial premises are, in fact, let to genuine manufacturing firms, and that a large number are taken up by enterprises whose benefits to the local economy is marginal.

Successful legislation has established assisted areas, in which industry qualifies for grants. Quango, such as the English Industrial Estates Corporation, are able to provide high-quality premises at fairly low rents. Local

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There is no documentation on the value of small business to the economy. In a published last year London Council of London alone 150,000 small firms employ about a third of the total workforce. In addition, "small businesses" are, in fact, let to genuine manufacturing firms, and that a large number are taken up by enterprises whose benefits to the local economy is marginal.

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John Plannin

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A year after the Wilson report...

Little action to bring much needed encouragement

It is a year since the Wilson committee—set up to review the functioning of financial institutions—presented its interim report on small businesses. Most commentators complained at the time that its potential impact was seriously diminished because the committee found itself unable to make any firm recommendations either about taxation in general or about investment relief in particular.

Since then, little has happened to give the lie to the sceptics and if the final report, which had been expected by now but which has not yet appeared, is not a great deal more positive, those of us who believe that small businesses need real encouragement will have to ignore it.

The committee's recommendations fell into two main categories: first, exhortation to banks, government departments, quangos, professional organizations and the CBI to do more to disseminate accurate information to small firms about the opportunities available to them; the criteria on which help can be provided and similar matters. There are some grounds for believing that the flow of information and advice has improved in the last 12 months. For example, the Department of Industry has taken steps to strengthen its Small Firms Information Service, and a number of stockbrokers and other city institutions have taken pains to establish special facilities to help small firms.

Yet the general picture is still one of dismal fragmentation. Within government, Mr David Mitchell, the minister responsible for small businesses, often

explains that of the 50 policy objectives which he set himself when he arrived in the Department of Industry, more than 40 are departments. There appears to be no effective machinery for regular meetings between officials responsible for different aspects of small firms' policy.

And outside government the scene is just as gloomy. The various small firms pressure groups spend more time arguing with one another than organizing the hundreds of thousands of small firms which belong to none of them. There is manifest jealousy, for example, between the CBI and the chambers of commerce, and the goal of a concerted small business lobby seems as far away as ever.

What is required within government, at least, is for a high-powered group of civil servants with appropriate responsibilities to meet regularly on small firms' policy to monitor progress across departments and to report through the minister responsible for small businesses to a Cabinet committee. Without such a piece of machinery (which has been used successfully on other occasions) the uncoordinated efforts of small businesses will be obscured by every crisis, whether in the outside world or of parliamentary timetabling.

On the committee's other main recommendation, little discernible progress has been made. It is true that the Welsh Development Agency is trying out, on a tiny scale, an experiment which resembles a loan guarantee scheme. It is, however, typical of the inadequacy of present government arrangements that the WDA should be independent of the Department of Industry. It is unreasonable

to expect any further public progress towards a loan guarantee scheme during the run-up to the Budget, but it is already clear that the battle for this recommendation is likely to be hard.

The banks tend to welcome the idea in principle but are unenthusiastic about any attempt to turn it into practice. Many believe that it will be hard to create an effective scheme to be run by them which will not result in their passing all their weakest propositions on to the government, security.

The Government, for its part, is frightened of being asked to provide finance for unsuccessful businesses which in a tighter market would never start, or of having to apply criteria of such strictness as to make the scheme more expensive than the open market and therefore unattractive.

Such pessimism is not shared by the Conservative Backbench Committee on smaller businesses, which feels that a loan guarantee scheme could be devised which would not cost too much and which could go a long way towards reducing the cost of failure which in Britain is so much higher than in many other countries. A principal reason for this is that banks and other lenders demand personal security against loans on a scale which means that the entrepreneur is risking not only his time, skill, cash and career prospects but also the home of his wife and children.

Banks sometimes argue that such a hazard increases a man's commitment to success. It seems far more likely to engender family pressures of a kind which will make him reluctant to persevere through short-term troubles.

Another main recommendation was that an English development agency should be set up to parallel those of the Scottish and Welsh agencies. This has not only run into the general feeling of disparagement towards quangos, but also the powers and functions of the Council for Small Industries in Rural Areas (Cosira). It would be a great pity if yet another piece of machinery with limited powers and limited resources were built into the present Health Robinson arrangements for looking after Britain's small firms.

As the committee itself pointed out: "The small firms sector in the United Kingdom is relatively less important in terms of both output and employment than in other developed countries". What is needed is an effective deployment of existing resources with influence added as the needs are clearly seen; not a further addition to the competing bureaucracies.

Wilson also recommended the establishment of a small firms investment company. This was an attempt to overcome the difficulties faced by private investors who cannot easily afford the illiquidity of an investment in a small unlisted company and to make it easier for institutions to invest in high minimum lending rates, but many of its most influential members still talk darkly of the dangers of government intervention in the private enterprise world of small business. If the present preferences of the tax system, the rules of credit allocation, the huge centralization of central and local government buying and much else are not themselves interventions in the market, I do not know what intervention means.

Yet the problem is a serious one. Other countries take positive steps to increase the attractiveness of the small firms sector to investors. We seem to take every possible opportunity to put it at a disadvantage. Thus the tax system positively invites pension funds

to look for investments which may yield comparatively modestly but which require minimum management by the fund itself. Hence the attraction of property both in Britain and, increasingly, overseas, and of pictures, particularly if they can be of a quality which the Government is only too glad to house and look after.

Life insurance, too, attracts heavy tax subsidies so that for many private individuals it has become the principal form of investment. The tax system similarly encourages the individual to invest either in institutions or in property. For someone liable to the top rate of tax an investment in property worth £25,000 attracts a subsidy of £2,250.

Even gilt-edged securities and building society deposits attract tax reliefs. But try investing in a private company and you not only get no relief, but every kind of obstacle is put in your way. Thus anyone who borrows money to invest in a close company can only obtain tax benefits if he or she works almost full time in the business.

In its rhetoric this Government pins much hope on the small business. It says that it recognizes that many of them are limping badly under the present high minimum lending rates, but many of its most influential members still talk darkly of the dangers of government intervention in the private enterprise world of small business. If the present preferences of the tax system, the rules of credit allocation, the huge centralization of central and local government buying and much else are not themselves interventions in the market, I do not know what intervention means.

Andrew Rowe

Range of help services remarkably wide

Advice and information are vital assets



Mr Bob Press (left) abandoned the industrial rat-race to become a Somerset blacksmith after training from a Cosira technical officer.

In any well-run business, cash-flow and customers are paramount considerations whose importance is equalled only by that of two "invisible assets": advice and information. The need for them can manifest itself in every area of operation from policy formation to obtaining finance.

Nor is that need confined to the estimated 100,000 new ventures launched last year. Indeed, many firms seeking specialist guidance on development or organizational challenges are established concerns with good track-records of growth and prosperity. Moreover, demand is growing as evidenced by the 25 per cent increase in fee income earned by the 2,600 members of the Institute of Management Consultants in 1978.

The range of services available to smaller firms from government, local authorities and independent agencies is remarkably wide, broadly covering grant, loan and capital funding assistance, as well as consultancy, advisory, technical, industrial relations and business management requirements.

Advice and guidance resources embrace related functions that include planning, production, marketing, exporting, accounting, costing, technological advances, craft and management training. In some cases, advice is given free.

Many have made their first port of call the Council for Small Industries in Rural Areas (Cosira), whose new, unified headquarters has been opened officially in Salisbury recently.

Cosira is charged with improving the prosperity of small businesses in the countryside, particularly specified areas where the population is declining or which are deprived or disadvantaged in other ways.

Far from being the straw-in-the-hair organization of hoary myth, Cosira does not succour dying crafts or drooping villages. Mr Ken Roney, council spokesman, says:

Working closely with local authorities, it is interested solely in assisting viable, job-creating enterprises; and the losses on its consultancy work are made up by private firms—mainly for buildings, plant and equipment, and—individually averaging £10,000—have been less than 1 per cent of the total fee.

The council's spread of technical, advisory and loan services are being used at

present by about 11,000 small firms, mostly manufacturing and service businesses, each employing not more than 20 skilled people. Loans are confined to priority areas identified by the Development Commission, the government agency responsible for coordinating socio-economic development in English rural areas.

In addition to sponsoring Cosira's work, the commission now devotes a large part of its £18m annual budget to constructing advance factories and workshops to help small firms to get started or expand in selected towns and villages.

Altogether 237 factories have been built, and about 630 more approved. Although usually erected in anticipation of a specific need, many of the factories are let before completion.

Small workshops in areas of high unemployment are also planned by the English Industrial Estates Corporation in conjunction with the Department of Industry.

Both initiatives are in line with the Government's aim of stimulating greater interest in private enterprise.

A further outcome has been the recent agreement involving the Development Commission, Cosira, the Small Firms Clearing Bank, the Industrial and Commercial Finance Corporation (ICFC), under which private finance is to be made available to small firms.

The Department of Industry is extending its programme of local clinics and workshops which bring advice and guidance only on request, concerning money or management matters, in addition to its complete financial service, which includes the provision of long-term loans (£5,000 upwards) and/or share capital, plant purchase and leasing facilities.

The ICF, owned by the English and Scottish clearing banks and the Bank of England, offers practical advice and guidance only on request, concerning money or management matters, in addition to its complete financial service, which includes the provision of long-term loans (£5,000 upwards) and/or share capital, plant purchase and leasing facilities.

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Wales through the Welsh Development Agency.

Where an inquiry is beyond straightforward information sources such as the relevant contact in local authorities, government departments, the professions, chambers of commerce and so forth, it can be discussed confidentially with an experienced businessman in the role of expert counsellor.

A high proportion of inquiries relate to the start of a business but any kind of business administration matter is handled, including statutory requirements, design, marketing, production, diversification and security: all useful for the one-man business.

The Department of Industry has also linked with the Post Office staff superannuation fund to provide a new source of venture capital for small businesses.

Numerous other sources of information and advice exist on the range of discretionary funds, expansion capital, incentives, low-cost premises, technical instruction and management development. Sources include the national tourist boards, industrial training boards, municipal authorities, new town development corporations, the Copperbelt Development Corporation, the British Steel Corporation (Industry), the National Research Development Corporation (finance for the development of new products and processes) and the Confederation of British Industry, which operates its own small firms directorate.

Additionally, there are many sources of local help in the shape of groups and clubs backed by councils, firms and businessmen. The Manpower Services Commission sponsors special training courses under the TOPS scheme for people wanting to set up on their own. Polytechnics, technical colleges and colleges of further education throughout the country run courses in business studies, many with particular reference to small business.

Overall, the sources of help now available make it much easier for the small man to solve his own problems, which is why the Alliance of Small Firms (ASF) wants the Government to let him do more effectively. ASF offers its members a £15-a-year legal advice service incorporating advice on accounting, insurance, legal expenses up to £25,000.

Where neither lessening nor factoring will satisfy a company's financial needs, and it is necessary to have recourse to the bank, it makes sense to do so together with an accountant. Many small companies never see their accountant from one audit to the next, which is usually a source of alarm to the profession as it contributes to the debate about whether audits for small companies should be abolished altogether. A company's accountant ought to be able to make himself useful in a variety of circumstances other than the few days at the end of the financial year, during which he appears to put his seal of approval on the books.

Apart from his expert knowledge of taxation (and it is folly for any company, however small, to invest in asset without ascertaining how tax is affected), the accountant ought to be in a good position to advise on such questions as whether, and if so how, the company should expand; how that expansion is to be financed; whether particular investments will provide an adequate return, and so on. He should also be good at presenting the company in the best possible light to the bank manager. They talk the same language.

Adrienne Gleeson

'It was like Oliver Twist in reverse, Mr Wagstaff...



Wagstaff reflected on the novelty of it all.

WILLIAMS & GLYN'S AND CASH FLOW CONTROL.

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gladly send you one. The chart covers 12 months and shows the kind of receipts and payments you might expect to incorporate. In this way you can make a reasonably good estimate of your financial needs for the year ahead.

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'Perhaps we can help your dreams come true, Mr Greening. Hi-fi to Japan—that's just the sort of coals-to-Newcastle challenge our branches thrive on!'

Ways to raise money outside banks

When financial times are tough

Raising money has always been one of the worst problems for the small company, and at a time when interest rates are high and credit is being squeezed it inevitably becomes far worse.

Suppliers, anxious to conserve their cash and well aware that the loss of goodwill from the occasional small company will make little difference to their own position, tend to exact payment on unfavourable terms. Customers put off settling their bills for as long as possible. And the manager of the small company, caught in the middle, risks a chilly reception if he goes to his bank to secure a loan to tide him over.

In recent years the clearing banks, in particular, have made a strong effort at head office level to develop and promote the services they provide to small companies. At branch level, however, the picture sometimes looks very different. When times are tough it is easy to find objections to the small company borrower. If the company has a high cash flow, relatively few assets, there is no security for the loans; if it has plenty of assets but a limited cash flow, then there could be difficulty in servicing the debt.

And times are tough at the moment: the banks are constrained by government controls from increasing their lending, and—as the rising tide of bankruptcies indicates—have in any case good cause to fear for the loans they have made already.

There are, however, some well-developed alternatives to bank finance. First, for those who need the money to buy assets, there are the facilities provided by the leasing industry, which has grown enormously over the past four years.

Assets acquired for lease amounted to only £42m in 1976; in 1979 they amounted to £1,802m. The increase is variously attributed to the entry of new firms— anxious to reduce their tax bills by the use of

first-year allowances—into the business, and the fact that leased assets do not show up on a company's balance sheet, so that its financial position looks a good deal healthier than it would if the same assets were acquired by borrowing. Both are advantages for the small company.

Increased competition in the industry and a slowing of the rate of growth have helped to discourage some of the more exorbitant lessors. Those that are left can provide the small company, interested in buying anything from manufacturing plant to commercial vehicles, with medium-term finance of a kind which is almost impossible to secure elsewhere. Unlike an overdraft, this finance cannot be withdrawn; moreover, it is made at a fixed rate which, however disadvantageous when rates of interest are high, can be a big advantage when they are low but expected to rise.

Except in those rare cases where either suppliers or lessors are running loss leaders in the hope of drumming up business, it is not a cheap form of finance; but it is simple, flexible, efficient—and available.

Where the problem is not so much one of finding the finance for capital spending but of securing working capital, recourse to a factor may be the answer if the bank manager will not provide and overdraft—or, in some cases, even if he will.

The factor buys a company's debts, paying initially up to 80 per cent of the value of them (less his own charges), and providing the remainder of the money when he, in turn, collects it well-developed alternatives to bank finance. First, for those who need the money to buy assets, there are the facilities provided by the leasing industry, which has grown enormously over the past four years.

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first, the cost; and second, the extent to which the factor will finance—or decline to underwrite—the company's business.

The cost is composed of two elements: the cost of the money advanced, during the period for which it is advanced (which is similar to charges on an overdraft), and the cost of the factor's service itself, which varies according to consideration such as the number of accounts, the volume of export sales, and the extent to which the factor considers himself to be at risk. The factoring charge can therefore vary, though it normally falls within 1 per cent and 2 per cent of the turnover handled by the factor.

The extent to which the factor will limit the company's operations is potentially a more abundant source of irritation. In the first place he may decline to undertake the business at all, unless the small company in question is a substantial small company— that is, has a turnover of £100,000. He almost certainly will decline to undertake it if it involves sales to the public—since there will be problems over creditworthiness—or a large number of low-value sales.

He may opt out of the business if it is a matter of paying the invoices on an unproved product, or where payment depends (as in the construction business) on satisfactory completion, which in turn will depend on matters outside his control. He will almost certainly apply credit limits, based on his own researches, on each customer; and he

will not guarantee the debt where those limits are exceeded. Nevertheless, given sense on each side, factoring can substantially improve a business's cash flow.

Where neither lessening nor factoring will satisfy a company's financial needs, and it is necessary to have recourse to the bank, it makes sense to do so together with an accountant. Many small companies never see their accountant from one audit to the next, which is usually a source of alarm to the profession as it contributes to the debate about whether audits for small companies should be abolished altogether. A company's accountant ought to be able to make himself useful in a variety of circumstances other than the few days at the end of the financial year, during which he appears to put his seal of approval on the books.

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Association draws up code of practice

Franchising means independence with support

ere plans for a university in rural Hampshire, a scheme arm school whose aim would be to there was even a duch intended to estors on the basis logical aptitude

the American con- e business format gathered strength n in the early ch were the more e manifestations of re movement de- pical community centent with exist- eas survived the crossing. These a frequently ran ver planning con- lems, site-famine, edit squeezes, in- resources and, n-activities of share- nd, cowboy entre-

y Fried Chicken, ickin' fame, is one v reputable survi- that era, and now than 270 fast-food the United King- any, the classic

catering franchise with more than 600 outlets in Britain and 1,100 world wide, was originally introduced in 1934 by J. Lyons & Co. then sold to United Biscuits. First-generation franchising began several centuries ago with the brew- eries tied-house system.

The face of franchising began to change only just over two years ago when, after two unsuccessful attempts to start a trade union, the British Franchise Association was formed by leading British and inter- national companies engaged in the distribution of goods and services through inde- pendent outlets under fran- chise and license agree- ments.

These companies included Budget Rent-a-Car, Holiday Inns, Service-Master (carpet and curtain-cleaning), and Ziebart (vehicle restor- ing).

As one of its architects explains, the BFA under- took "the Herculean task of cleaning out the stables so the horses could be properly bred", together with a clear delineation of ethical franchising standards to assist members of the pub-

lic, press, potential investors and government bodies, in differentiating between sound business opportuni- ties and any suspect invest- ment offers."

The 22-member associa- tion has since compiled a 19-point code of business practice, and defined a fran- chise as a contractual rela- tion granted by one per- son (the franchiser) to another (the franchisee), in which the latter agrees to carry on a particular business under, belonging to or associated with the franchiser.

In consideration for the franchise, or for goods or services provided, the fran- chisee usually pays over a lump sum to begin with, then a continuing royalty. This varies, but 5 per cent of business volume is a standard starting-point, with the average at about 11 per cent.

During the period of the franchise, the franchiser must provide the franchisee with assistance in relation to the franchiser's knowledge, management, organization, merchandising and staff training, and is entitled to exercise control over the way in which the business is

conducted. Practically speaking, ethical franchising offers a proved method for the manufacturer or retailer to multiply his business faster, more economically and with less risk attached. For the investor, there is the opportunity to work independent- ly while still enjoying the support and services of a large organization.

Moreover, he will find that two major uncertainties have been eliminated. First, because of the precise operating procedures in- volved, he knows to the nearest pound, his capital requirement.

The average basic cost of a franchise from BFA members, except Coca-Cola and Holiday Inns, is £7,500, but shopfitting and other costs raise the input require- ment to about £15,000, and more than £30,000 for a fast- food franchise. These figures are based on a 1978 BFA survey, now being updated.

Second, because the inves- tor is buying the benefit of the franchiser's knowledge, in addition to his "intellec- tual property"—equipment, materials, processes and local rights to a nationally

promoted trade name—his chances of misreading or failing to meet the market potential are considerably reduced.

Franchising is the easiest method of setting up a small business", Mr Tony Jacobsen, consultant to the BFA, says, "and it provides a setting in which a man can learn to become a busi- nessman". A further advan- tage is that the franchisee of a reputable firm may find starting capital easier to borrow.

Although statistically fewer franchised businesses fail than others, the tenure of a franchise does not automatically guarantee suc- cess, which demands effort and energy from both parties. They are mutually in- terdependent for their future prosperity. An average 49 per cent of a franchiser's royalty income is reinvested in the business. Contract terms run from three months to 15 years.

The successes are self-evident. In addition to the other established firms already named, they include Selectacar Rental, Trust- house Forte (Little Chef and Kordonah restaurants), Scottish & Newcastle Inns, Midas Silencers, Dyno-Rod (drain and pipe-cleaning), Pronuptia & Youngs (bridal attire shops, formal wear, fire-service for men), and Uvicolor (repair, recolouring and restoration of vinyl coverings).

Franchising has proved particularly suitable in the areas of automotive products, fast-food retailing, convenience services such as parcel delivery, home fabric cleaning, hair- dressing and print regis- tration. With individual turn- over of £300,000 some fran- chise outlets do not merit the dismissive description of small business.

N.C.

Although exporters can often obtain an advance from their banks on the strength of an Export Credits (ECGD) insurance policy as collateral security, there are also separate guarantees for banks to give them security for export financing. To meet those circumstances requiring longer-term finance, the ECGD has developed a variety of such direct guaran- tees and the banks, for their part, offer favourable in- terest rates for export busi- ness transacted under these schemes.

An exporter, who has an ECGD comprehensive policy and who is transacting busi- ness by means of bills of exchange on credit terms of less than two years, may supplement the policy by an ECGD guarantee direct to the financing bank. This provides government-backed security to the bank which will then provide finance from the date of shipment at the favourable interest rate of 1 per cent over base rate.

The guarantee to the bank covers 100 per cent of the principal amount as well as interest due to the bank on outstanding amounts. The ECGD will pay unconditionally three months after the due date if the buyer fails to pay an accepted bill of exchange or if the exporter fails to pay interest due to the bank.

Under this guarantee scheme, the exporter pays a premium when the cover begins and renews it annually at 25p per £100 of the agreed limit.

The scheme of direct guarantees to banks also covers exports on open account providing for up to six months' credit. Under this part of the scheme, the bank advances money to the exporter under the ECGD's guarantee. Six advances will be for 100 per cent of

Government backing gives security

Favourable rates for exports

the net invoice amount of insured exports within a borrowing limit specified by the ECGD.

The exporter warrants that the goods have been exported and that the trans- action is insured with the ECGD and produces a copy of payment and acceptable evidence of export. Against each advance the exporter must provide a promissory note with an appropriate payment date, namely, the last day of the month in which payment by the buyer is due. These bank guaran- tee schemes differ from others because, in the absence of buyers' bills or notes, the bank has recourse to the exporter for the finance it provides.

Where an exporter is negotiating a contract on credit terms of two years or more and is to be covered by a specific ECGD policy it is possible to supplement this cover by a specific ECGD guarantee in a financing bank. With the protec- tion of this security, the bank provides finance at the special export interest rate determined according to the buyer's country and the length of credit involved.

These guarantees are available in connection with contracts for capital goods, production goods, construc- tional works and services where payment is secured by bills of exchange or promissory notes. The pre- miums for such guarantees to the bank are payable by the exporter and they vary from 25p to a maximum of 43p per £100 depending on the length of credit.

As an alternative to the specific guarantees to banks, the ECGD introduced in the 1960s guarantees for United Kingdom bank loans direct to buyers which enable British exporters to be paid on cash terms.

Exporters sometimes prefer this arrangement of

buyer credit guarantees so as to facilitate progress pay- ments during manufacture or because, being lightly capitalized in relation to turnover, recourse problems might make it difficult to obtain further ECGD bank guarantees. Sometimes this form of financing is in any case better suited to the buyer's business methods.

Under such guarantees, the exporter receives direct finance from the buyer 15 or 20 per cent of the contract price on signature of the contract. The rest is paid to the exporter from a loan made to the buyer. This loan is guaranteed by the ECGD as to 100 per cent of capital and interest against non- payment irrespective of the reason.

Another form of finan- cing export contracts which can often be attractive to small businesses is through the operation of lines of credit. An ECGD line of credit is one which is made available to a bank abroad by a British bank which is itself guaranteed by the ECGD.

Such credits can be used by importers to buy capital goods, often of great vari- ety, from any British com- pany. In the case of a pro- ject line of credit, the goods are tied to a specific project but there are also general purpose lines of credit where there is no such tie and importers of capital goods can use them to pur- chase goods for up to 85 per cent of the contract price.

The advantages of these guarantees are that the sup- plier, who need not be pre- viously insured by the ECGD, goes paid on cash terms and the contract can be fairly small since the min- imum contract value can be as low as £5,000 to £10,000. For the buyer, contracts arranged under a line of credit offer access to the favourable interest rate

appropriate to export finance over two years.

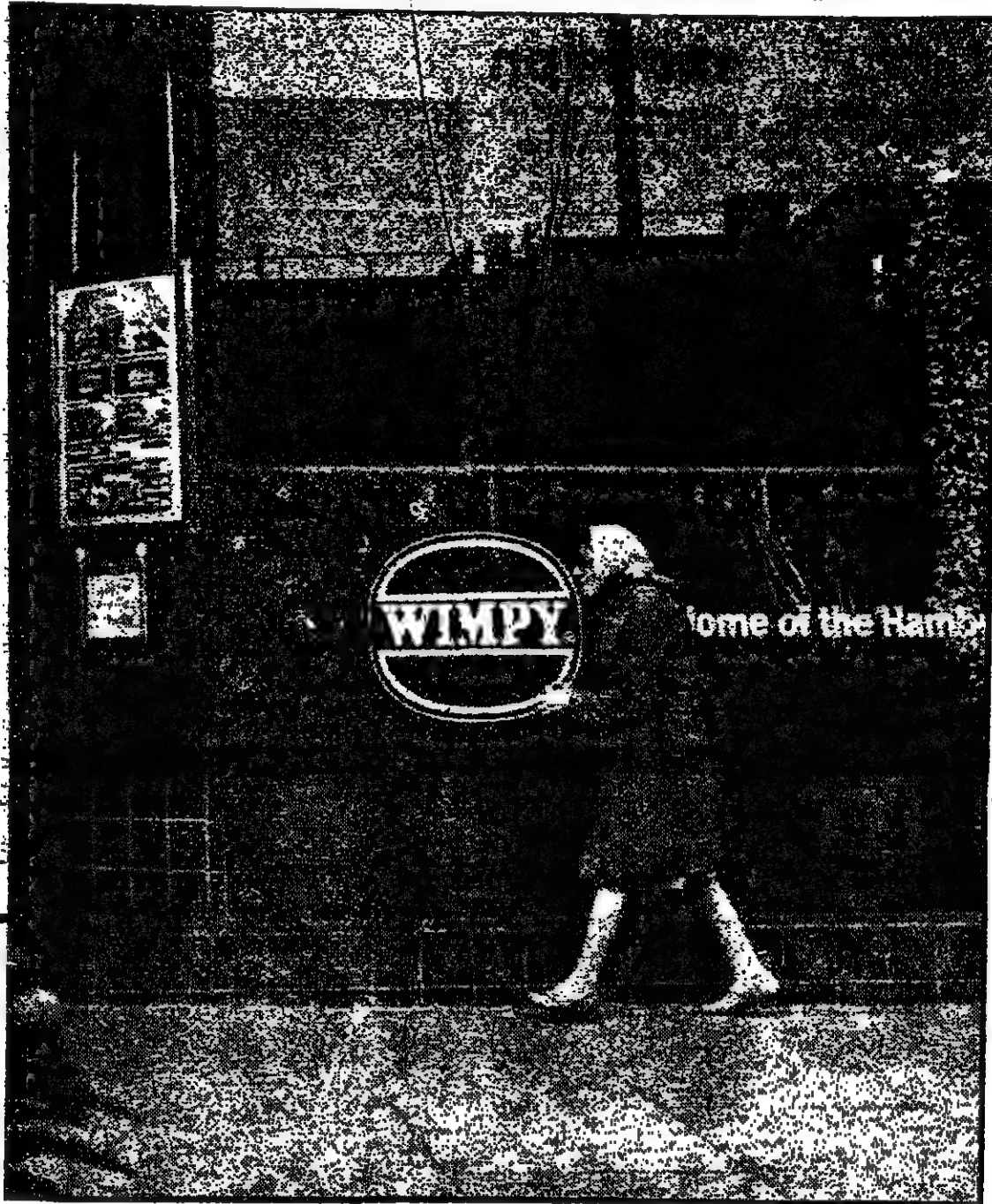
Another guarantee scheme which was speci- cally designed to help small- and medium-sized companies to break into new markets abroad is the Market Entry Guarantee Scheme (MEGS). Introduced in January 1978 for an experimental two- year period, MEGS is at present under scrutiny as a possible casualty of the Government's spending cuts.

MEGS is a British Overseas Trade Board (BOTB) scheme and the official opinion is that it has been a worthwhile addition to BOTB's range of export services. By the end of last year 172 applications for financial support had been received and 44 agreements completed.

The MEGS is designed to deal with the financial risks and other difficulties asso- ciated with a venture to develop a new export mar- ket. In approved cases the scheme will contribute 50 per cent of the eligible costs of the market venture, in return for a levy on sales receipts which is in- tended to recover the con- tributions, with a commer- cial rate of return, on the MEGS's investment.

There is no restriction on the size of company that can apply for assistance under the MEGS but there is a minimum contribution of £20,000 and a maximum of £100,000 over a period of up to five years. During the period in which MEGS has been in operation, more than two thirds of the appli- cations came from small- and medium-sized companies with products ranging from baby toiletries to motor vehicles and the new mar- kets being cultivated in- cluded EEC members, the United States and the Mid- die East.

Alan Grainger



the classic catering franchise, with more than 600 outlets in Britain.

Big firms offer helping hand

from page 1

the agency is to sponsor such the provision of with central ser- also drawing up a nprove the beha- arge firms when m or supplying ; and it is mak- of products and hich are difficult the United King- is planning an of the products ms.

ie agency aims to firms to start and other small firms expand and find- ies in doing so, if its work in the has been devoted to solve problems nt sort.

400 inquiries up to last 180 resulted in elp being given, the remaining in- ere referred to ies such as the London Council, Industrial Centre, Research Develop- poration or the uncl.

as been a variety For example, companies have

assisted small firms with problems of innovation and product development. These included a stage designer who developed a portable lighting system for small theatres and is being assisted by GSC with prob- lems of design and manu- facture. In addition the agency is helping to get NRDC finance and to find pre- mises.

Help in establishing whether there is a market and how it can be reached has also been given. Marks & Spencer was able to give advice to a new cosmetics manufacturer on content, packaging and marketing.

Assistance with setting out a business plan and cash flow forecasts, as well as providing an introduction to a suitable source of finance, are of particular use to new businesses. A typical case was where the London Enterprise Agency helped a businessman to open a wine bar in the Hun- gerford Bridge railway arches, creating six new jobs.

Similarly, a tanker clean- ing company, a new venture backed by Inner Urban Area Act finance and a

land, was assisted when the finance became blocked in the bureaucratic pipeline. Additionally, ICF, a member company, offered venture capital.

Assistance was given to a small chemical firm which expanded from 30 to 100 employees but ran into dif- ficulties in material hand- ling and stock control. EP lent an organization and method specialist for three days, and he returned later in his own time, together with computer program- mers, to revise the system.

Much work is being done on premises for small businesses. The agency is developing its own small in- dustrial estate in conjunction with ICF Properties on two acres of land made available by Shell in Wandsworth. It will provide for approxima- tely 20 small factory units ranging from 1,000 sq. ft. to 3,000 sq. ft. Besides develop- ing its own site, the agency is in close contact with the GLC and the London boroughs to find ways of alleviating the problems of locating suitable premises.

The lending of its exec- utives to assist with prob- lems such as these is regarded by the large firms

as mutually beneficial. It can broaden an executive's experience as well as, possi- bly, clearing a promotional blockage if an executive is seconded for a period.

The London Enterprise Agency is seen as setting a pattern for similar organi- zations in other cities. Already, the idea has been adopted in Birmingham under the wing of the Bir- mingham Chamber of In- dustry and Commerce.

Eleven companies are partici- pating in the scheme, named Birmingham Ven- ture. These are Barclays Bank, Birmingham Post and Mail, Cadbury, Delta Metal, Robert Douglas Construc- tion, Guest Keen & Nestle- fold, Lucas Industries, Mid- land Bank and National Westminster Bank. The two latest additions are Bryner Construction and Lloyds Bank.

Other regional cities are considering the idea and meanwhile coordinating the work which is being carried out in their areas by a variety of organizations that have sprung up to help small businessmen to create new jobs.

Patricia Tisdall



business ideas are presented to bankers at a London Enterprise Agency course. The LEA was set up by the London Chamber of Commerce and nine leading British companies. The aim of the agency is to use the experience and resources of the large companies to help small firms and those just starting.

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Midland Bank

We look at the careers of three men who have made good

Success recipe found in kitchen furniture



A youth of seventeen and a half setting up in the building trade with only £45 in cash, an unusual capacity for work, optimism and a quality that could be called stickability might reasonably be said to be establishing a small business. That was how George Moore started in Bingley, in what used to be called the West Riding of Yorkshire, 34 years ago.

George Moore is still in business, still in Yorkshire near Wetherby, and this year the George A. Moore Furniture group expects to have a turnover of about £22m. It is no longer a small business but its development is a striking illustration of how one firm has grown from nothing into a leader in its sector.

At the end of that first year as a jobbing builder engaged on local factory, maintenance and household work, Mr Moore had made a profit of £350 on a turnover of £1,050. Over the next few years he gradually built up his business and by 1954 he had six people working for him. It was about that time that Mr Moore experienced what he describes as the first turning point in his business career. He is a man who notices such things and how even setbacks can sometimes be turned into lucky accidents.

"I had been working very

hard all this time," Mr Moore recalls. "But one day I caught my hand in a circular saw. The injury was serious enough to keep me off work for two weeks and it was those two weeks away from the job that gave me time to think. Up to that time I had been working so hard that I had never had time to sit down and plan things. Now I had the time and I decided to make the most of it."

"I gave the past a great deal of thought during those two weeks and I did some careful thinking about what direction I wanted the business to take over the next three years. Today that kind of thing is called corporate planning."

George Moore gave himself a target for the next three years but found that he had reached it after 12 months. "But I had learned the vital lesson of sitting down and looking to see where you are going and I decided that the time had come for me to get out of my working overalls and concentrate on managing and planning."

"It was at this time that Mr Moore moved into his first real premises. Further expansion then came through buying up equipment and plant from other firms that had been put into receivership. But it was another

unforeseen factor, or as Mr Moore puts it, a lucky accident, that caused a more significant expansion.

"Well, it was quite by accident," he recalls, "that I met the manager of the Bradford Corporation works department. I didn't know him but he let me know that he was seeking someone to make kitchen-sink drainer boards for Bradford council houses and I got an order for 200."

"That was our first local authority contract. It was another turning point because I reasoned that there must be other local authorities with similar requirements for their own council houses. From then on we switched from building work to straightforward manufacturing."

In 1964, after his move to the Thorp Arch trading estate near Wetherby, Mr Moore made the decision to specialize in kitchen furniture, but it was not until some years later in 1968-69 that the group gave up general joinery work. It was a major decision because at that time it accounted for half the turnover. Within 12 months of the decision to specialize the turnover had been completely restored.

Another development occurred in 1971 when Mr

Moore's firm won its first contract to supply kitchen furniture to the London Housing Consortium, which is responsible for the needs of the member London boroughs as well as many housing associations.

"That was a contract worth just over £1m and it was the first of its kind to go to a firm north of Potters Bar", Mr Moore says.

He has reason for satisfaction because the link with London housing has continued. A three-year contract came to an end last month and another for the same period has just been awarded to supply kitchen furniture for more than 20,000 homes in the London area. That one is worth an estimated £5m.

George Moore's group is now the biggest supplier of kitchen furniture to local authorities and housing associations in Britain. Its share of this market is 30 per cent of all kitchen furniture for both new housing and for modernization schemes. A comparatively recent development has taken the group into the retail and export trade, supplying both the home market and, so far, 30 countries abroad.

What, then, is George Moore's recipe for success? The answer comes promptly. "I used to work 28 hours a day and eight days a week but I've cut it down to only 20 hours a day lately". It is a pardonable exaggeration for a man who so readily attributes much of his success to luck. In any case it is self-made luck, the kind that is created by hard work and a flair for grasping opportunities whenever they arise.

There is another factor, too, which George Moore insists is the vital one. "It has been very much a team affair and it still is. All our executives are highly qualified in their own spheres—whether it is marketing, engineering or accountancy. But it doesn't stop there: I expect every executive to develop as a man of business, capable of using his common sense at all times." It would not be easy to think of a better description to apply to George A. Moore himself.

Alan Grainger

Period mouldings rescued firm whose boat-building hit rocks



Mr Leonard Stanley Briggs should have retired last May. Instead he is still working and enjoying it, which is not too difficult when your home is in the factory grounds, and over-looks Exmoor.

At Wheddon Cross, near Minehead, Somerset, he and his son, David William

Briggs, run Somerset Plastics with a staff of five. Perhaps it was a crisis which hit the firm last year, followed by a successful comeback, which persuaded the senior Mr Briggs to stay on. Until then, a great deal of their business had been in producing glass fibre sailing boats. In Mr Briggs's words this market disintegrated in

1979; however, he and his son had already done some work on reproduction period and antique guttering, and pipes for renovating old churches, stately homes, castles and colleges.

"The Council for Small Industries in Rural Areas organized publicity in the architectural and trade press", Mr Briggs said, "and from there business boomed, with 600 inquiries in one week. You never know what you are going to get in the post. We have had letters from Ireland and the Continent."

These reproductions can be copied from existing cast-iron work, including decoration and colour. Among the customers have been two Oxford colleges, Warwick town hall and Dunster Castle. Two sub-contractors have been enlisted to cope with the work.

Mr Leonard Briggs had a long business career before

settling at Wheddon Cross. After war service in the RAF, he went into photography, then into running shops and kiosks, and in 1953 he became a draughtsman and builder.

He said his interest in plastics engineering began because it was an activity that could be carried on indoors when the weather was too bad for outside construction work. Finally, in June, 1963, came the opportunity to take over the Wheddon Cross premises and make this sideline a full-time business.

The building was modern, situated in 15 acres of land some 900ft above sea level. It had been used for grinding wool from the flecks of sheep on the moor, but became available when this activity was centralized elsewhere.

Mr Briggs said they received no government grants or outside financial help. "After paying for the

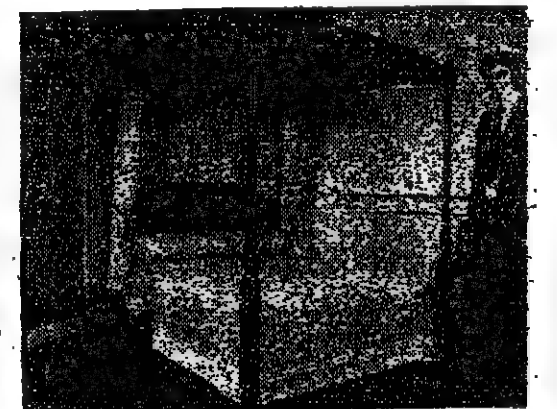
factory we had less than £400 capital left."

He said their aim was to undertake trouble-shooting tasks for industry, print articles which require short-run production, even individual items companies, including Cellophane, sought the company's aid, and so orders included solar panels, fish hatchery equipment, and porta buildings for use on construction site of Hinkley Point nuclear power station.

Marine mouldings, sailing boats and car still manufactured by firm, led to export to France, West Germany, Netherlands, Sweden and the United States. A time, from its modest beginnings, company turnover rose to £11 year with 14 people work.

Patrick O

Beds that dreams are made on



I have been looking forward to writing this article since June, 1978. It was then that I stayed a night at a West Country hotel, and noticed my bill was £2 more than those of my friends.

"Ah, sir, you had the room with the four-poster bed", was the explanation. My friends, noble fellows, offered to split the difference with me, but I decided to bide my time until I had the opportunity to put my expensive experience to some use.

What made matters worse, it was a half-hearted, single four-poster, far removed from the kind of comfortable affair seen in Georgian prints. It would never have suited Lord Byron, who honeymooned in a four-poster, for instance.

According to his wife, when he woke suddenly on

their wedding night and saw the flames of the fire playing on the red curtains of their bed he cried out: "Good God! I am surely in hell!" His marriage was never a great success after that.

Mr John Cross, whose Manor Lodge Furniture specializes in four-posters, assured me that the one in which I slept was not made by them. Anyway it seems I got off lightly. "In general we find hotels charge £5 a night extra", Mr Cross said, "and one as much as £12, but that was for a room with a complete suite to match the bed."

It is only fair to hotels to point out they may have paid as much as £2,092 plus VAT for a bed in mahogany or oak seven feet high, taking a five-foot mattress. For that they would get a handcarved headboard, fully closing drapes, solid brass hooks, a bedspread, and "your motif hand carved".

Such is style 1, but a

thrifty customer might care to make do with less expensive models, which go right down to style 5 at £934, delivered and assembled: "Ultra modern look, using padded panels... square plus canopy, rear drapes and bedspread from our normal range."

Mr Cross and his wife Julia, a codirector, are based at Little Downham, Cambridgeshire. "An article in the Daily Mail gave my wife and me the idea of making four-poster beds, and selling them primarily to the hotel industry", he said.

He resigned from the RAF, made one bed, photographed it, and the firm was launched with an advertisement that appeared two years ago. "Initially there was one style. Now there are five, plus all matching bedroom furniture, including curtains and pelmets."

Mr Cross said:

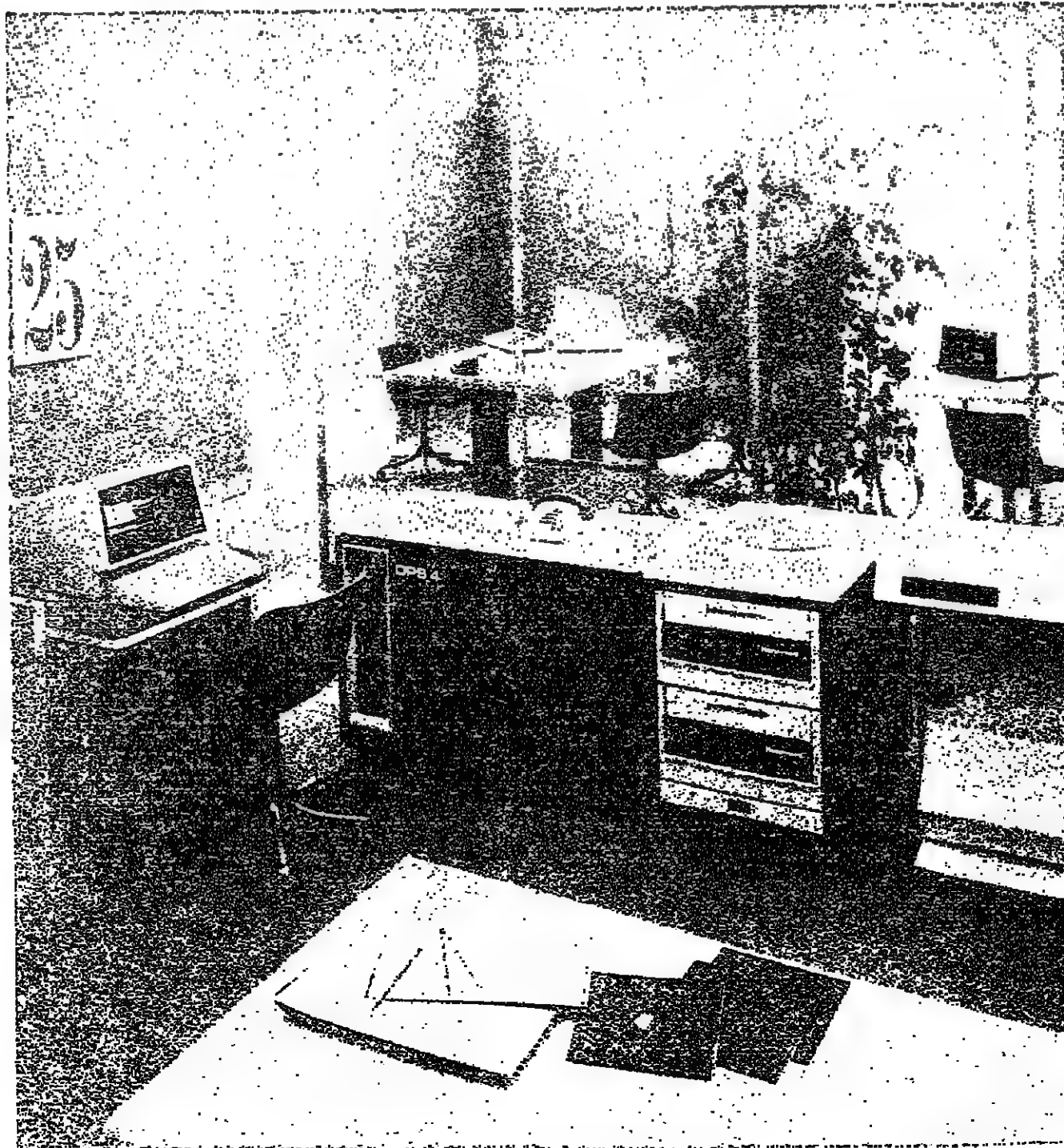
"All pieces are individ-

nally built for a particular customer. We sub-contract to about half a dozen local craftsmen. Orders come from all parts of the country."

"We have furnished leading hotels in England, Scotland and Wales, as well as private customers." Bedspreads, are imported from Italy.

If the business is to prosper Manor Lodge intends to centralise production by moving a workshop constructed for the Council for Small Industries in Rural. The firm has received number of inquiries abroad, and would expand into the export market.

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Chase Manhattan Bank cuts its prime rate to 19 $\frac{3}{4}$ per cent

From Anthony Hilson
New York, April 16

Chase Manhattan, America's third largest bank, cut its prime rate from 20 per cent to 19 $\frac{3}{4}$ per cent today. The move followed an immediate boom in the bond market where it was taken as the first clear sign that interest rates are beginning to come down.

But the dollar, which has drawn strength from the high interest rates in recent weeks, fell sharply against all major currencies. It was quoted at 1.85-6 against the Deutsche mark, down from 1.89 and at 2.22 against the pound. At the end of last week it was 2.18.

News that Chase had cut what is effectively the minimum interest rate on loans to borrowers for Wall Street. Activity picked up sharply from recent depressing low levels and share prices across the board showed modest gains.

The cut in rates has been caused by two separate developments. Industrial output dropped for the second successive month, and the fall of 0.8 per cent was much more than analysts had expected. This reinforced the belief that the American economy is moving rapidly into recession.

On a technical level rates in the certificate of deposit market, which is where the banks themselves have been forced to turn for funds, dropped sharply on Tuesday—six month CDs fell

from 16.70 to 16.35 per cent. Falling CD rates generally lead fairly quickly to falls in prime rate.

Opinion is still divided on whether the Chase move is the beginning of a trend. The bank stressed that it was responding purely to current conditions and that there was no guarantee that its next move would also be down. While three small regional banks followed the Chase lead and cut rates, its major competitors sat tight at 20 per cent.

They may be forced lower soon however as the drop in CD rates has continued. "Three month rates are down to 16.60, which would justify prime rates easily below 19 per cent," Mr Robert Sinche, an economist with brokers Bear Stearns said.

His firm expects the prime to drop to 11 per cent by the year end, but for the next three months rates will fall "only grudgingly".

"We expect some residual loan demand which will prop up rates," also the bank's profits were hurt on the upswing. They want to make some of that back so they are not going to rush to lower rates," he said.

The dollar fell sharply in Europe on news of the cut in prime rates. It closed nearly three cents down against the pound at \$2.2150. Sterling's effective exchange rate was 0.1 percentage points at 72.8 per cent of its 1971 level. Gold rose \$42 to close at \$529.50.

Strike may halt all bank clearance operations

By David Felton
Labour Reporter

Banking operations throughout the country could be seriously disrupted today if employees working in a crucial computer centre decide to take sympathetic strike action over a pay dispute.

The dispute, which involves 68 messengers working at National Westminster Bank's City offices spread yesterday to other banks, and the messengers' union said last night that its members at Bankers Automated Clearing Services at Edgware, north London, were considering walking out.

BACS is wholly owned by the main English clearing banks and handles the processing of documents and cheques for clearing. If the men, who are mainly engineers walk out today, the Banking Insurance and Finance Union said that clearing of cheques would quickly come to a halt.

After a one-day strike at NatWest on April 1, the action started again on Tuesday and continued yesterday when BIFU members at Lloyd's Bank computer centre, Midland Bank clearing office, Standard Chartered Bank and Barclays Bank International, joined the strike.

Yesterday's escalation of the action was authorized by Mr Leif Mills, union general secretary. He said the dispute was between individuals at BACS to decide whether they wanted to take action, but if they did he union would give them official support.

The dispute is over a pay claim for messengers at NatWest which was given a 10 per cent increase. The union is asking for a 15 per cent increase. The bank has offered a 10 per cent increase.

Government must abandon economic policy in favour of reflation Cambridge economists say

By John Whitmore

The Government's economic policy is leading Britain into an unprecedented recession and will have to be abandoned, preferably in favour of a programme of reflation, devaluation and import controls, according to the Cambridge Economic Policy Group.

The group gives a warning that on present policies, gross domestic product could fall by 8 per cent between 1979 and 1981 with unemployment topping 2.5 million and British industry severely weakened. None of this would necessarily lead to a significantly lower inflation rate.

Writing in the latest edition of the Cambridge Economic Policy Review, the group argues that the Government's programme ignores the implications of a rising sterling exchange rate and domestic inflation in excess of competitors.

It says that the Government will not be able to afford significant tax cuts to stimulate better business performance nor will control of the money supply necessarily bring down inflation.

The review suggests that these measures are creating an unprecedented recession which is undermining the public sector's finances. As output falls and the

financial position becomes uncontrollable, it would seem inevitable that the Government will have to abandon its programme.

The immediate consequences of such a reversal of policy would be a fall in the exchange rate (presumably leading to the reintroduction of exchange controls), a less restrictive target for the public sector borrowing requirement and almost certainly another incomes policy aimed at preventing an exchange rate/price/wage spiral.

Specifying its objections to government policy in more detail, the review says that the combination of a restrictive domestic policy and seriously overvalued exchange rate can only lead to a severe fall in domestic output, given ever-increasing import penetration.

The review casts doubts on how the Government is to achieve its spending and taxation cuts. It argues that spending cuts will come largely from substantially higher prices charged by nationalized industries. These would be better called tax increases and the Government has merely achieved an increase in the overall tax burden with redistribution to benefit high-income taxpayers.

It suggests that the Government's tight monetary policy is proving counterproductive. Not only does it contribute to higher inflation by intensifying the tax burden and raising interest rates, but over the longer run, the strengthening of the exchange rate undermines industry, reduces gap and raises the tax burden still further.

The group expects the public sector's financing problems to deteriorate alarmingly, with the PSBR rising to as much as £20,000 million next year unless corrective action is taken.

Dismissing a return to conventional policies as of limited use, the group reiterates its customary call for import controls.

The group has produced forecasts on the basis of import tariffs ranging up to 30 per cent, devaluation of sterling and a short-run incomes policy.

It concludes that, with substantial cuts in indirect taxes and rates, there could be a high average rate of growth through the eighties.

Over the shorter term adjustment period, unemployment could be held to around 2 million and the rate of price inflation could fall to under 10 per cent by the end of 1981.

West Germany optimistic about economy

From Peter Norman
Hanover, April 16

The West German government still believes that the economy will grow by at least 2.5 per cent in real terms this year despite the international uncertainties that have arisen with the crises in Iran and Afghanistan.

Speaking at the opening of the 1980 Trade Fair, Dr Otto Graf Lambsdorff, the economics minister, today predicted that unemployment would be held at the relatively low level of 3.5 to four per cent of the working population.

Graf Lambsdorff made it

clear that the government and the federal bank are determined to bring inflation down from the present 5.8 per cent to 4.5 per cent which was set as a target in the annual report on the economy three months ago.

He said that Germany's balance of payments on current account, which is expected to show a deficit of at least DM20,000 million (\$4,575m) this year, will not return towards equilibrium quickly as it did after the oil crisis of 1973/4.

German industry could not expect another explosive increase in its exports to the member states in the organiza-

tion of Petroleum Exporting Countries as occurred after the first oil crisis because international competition was now more intense and the Opec states had decided to slow down their development programmes.

He predicted that German industry would be exposed to much greater competitive pressure from the newly industrializing countries.

Developments at the Hanover Fair will be watched closely to see whether Graf Lambsdorff's generally optimistic view of Germany's economic prospects will be borne out. The fair, which has long been regarded as a barometer of German

economic activity, has opened on a generally positive note.

New orders for German industry from home and abroad have risen sharply in the first two months of this year. Over all orders were 16 per cent higher in February compared with the same month last year and export orders rose by one fifth despite the increase in international tensions.

In general there is little evidence of an impending downturn in the economy, although the Finance Ministry in Bonn is already concerned that the looming recession in the United States is bound to wash over into the Federal Republic.

Sir Derek Ezra will head chairman's group

By Patricia Tisdall
Management Correspondent

Sir Derek Ezra, chairman of the National Coal Board, is expected to replace Sir William Barlow, who resigned suddenly as Post Office chairman, on the Nationalized Industries' Chairman's Group.

But much depends on the timing of Sir William's actual departure; he has said he will stay on until the separation of the postal from the telecommunications side of the corporation has been completed, so he may continue in office until late summer or early autumn.

Sir William has said that he would continue as chairman of the group for as long as his colleagues wish. He only took over at the beginning of this month. Under the rules of the group the previous chairman is due to stand in during the first six months of the newcomers' office.

So, if Sir William does not depart until September, Sir Francis Tombs, chairman of the Electricity Council, would be next in line. If the resignation takes effect before, Sir Derek Ezra as chairman-elect would take over.

The detail of how the gap can be filled is to be discussed at a meeting of the group in May. Sir William's departure will be missed most in forthcoming discussions with the Treasury about the financing requirements of the public sector. Sir William believes strongly that state concerns should have increased flexibility in borrowing to fund investments and the other chairmen were counting on him to state a general case.

But Sir Francis Tombs will lead the working party at the talks, so the technical arrangements will be unchanged.

As a group the chairmen have already told Sir Geoffrey Howe, the Chancellor, that they want their borrowings to be removed from calculations of the public sector borrowing requirement.

The group sees this as its main task for the coming year. The group was set up as an informal lunch club by Sir Alfred Robens in the mid 1960s and it has been steadily growing in influence. It now represents nearly all the public sector corporations with 22 members; the most recent member being Mr Ronald Unger, chairman of the British National Oil Corporation.

PO chief denies rift led to resignation

By Kenneth Owen

Sir William Barlow, whose forthcoming resignation as chairman of the Post Office was announced on Tuesday, yesterday denied that he had any rift with the Government.

"There have been no serious differences between me and the Government," he said in a statement.

"It is simply that, having completed planning work for the separation of the postal and telecommunications businesses this summer, it is a convenient time for me to announce my return to the private sector."

"The Government in fact tried to persuade me to stay and accept appointments as chairman of British Telecommunications. I cannot repeat too strongly that there have been no serious incidents leading to my decision, which was carefully considered over a period of time."

Mr John Whyte, deputy managing director of Post Office Telecommunications, also referred to the forthcoming separation of the postal and telecommunications businesses. Speaking at a communications conference in Birmingham, Mr Whyte said the nature of the postal and telecommunications businesses was different and different styles of management were required.

The postal business was necessarily highly labour-intensive

while the telecommunications business was highly capital-intensive and totally dependent on the most advanced technology.

Comparing the two businesses, Mr Whyte said the labour cost for the postal service was 75 per cent of revenue, compared with 41 per cent for telecommunications; capital spending was three per cent of revenue compared with 31 per cent and the net capital sum added in 1979 amounted to £34m for posts and £96m for telecommunications.

"It is therefore increasingly anachronistic to artificially constrain such disparate enterprises to operate within the same commercial entity," Mr Whyte said. He gave a warning of the dangers which could accompany the Government's decision to consider amending the Post Office's monopoly relating to the supply of general equipment.

This could possibly benefit some customers through a wider range of apparatus which could be linked with the public network, Mr Whyte admitted. But there were great risks that service to the customer might deteriorate.

"The decade of the 1980s will show the extent to which the benefits will outweigh the disadvantages," he said.

Robot incentives 'not necessary'

By Our Technology Editor

The Government sees no need for new public initiatives to encourage selected parts of industry to adopt robots and other new technology, although it agrees that the adoption of such techniques is highly desirable.

Sir Keith Joseph, Secretary of State for Industry, said in the Government's reply to the report, *Joining and Assembly: the impact of robots and automation*, published last November by the Advisory Council for Applied Research and Development (ACARD).

Sir Keith is saying that much research and advisory work is available under existing arrangements, and it is up to industry to make greater use of them.

In a letter to Dr Alfred Spinks, chairman of the advisory council, Sir Keith said:

The Government supported the report's emphasis on the importance of United Kingdom industry adopting the latest technology in order to improve efficiency and to serve the customer better.

He said the Government was to provide an economic framework and climate which would stimulate enterprise and efficiency and reward success. It was for individual companies to grasp the opportunities offered by new technology; to secure the best use of existing and new investment; and to set themselves high standards in design, development and manufacture.

Support for individual projects was available, and in choosing the areas for support "we shall certainly take into account the comments of ACARD wherever appropriate".

A report commissioned by

the Government from a consultancy company had confirmed the advisory council view that the application of robots was more important than their production in the United Kingdom.

There was evidence that industrial interest in robots was growing, but the most important determinant of planned new investment was that it should be seen to be profitable.

As the demand for robots increased, there would be greater scope for manufacturing them in Britain, Sir Keith said.

To provide advice to companies, the Mechanical Engineering & Machine Tools Requirements Board had placed a contract with the Production Engineering Research Association to establish a service to advise on robot applications. Further research was being done in industry and at the National Engineering Laboratory.

Doubts over CBI strike fund for employers

By Edward Townsend

The Confederation of British Industries' proposed strike fund to give companies more financial muscle to withstand disputes, which has drawn mixed feelings from industry leaders, may be abandoned.

Yesterday, Sir John Mervin, director general of the CBI, said that unless a substantial majority of those consulted agreed to take part, the plan would not go ahead. The final decision is to be made in June.

The confederation is concerned that the scheme will founder unless it produces adequate premiums and has a broad spread of large and small, strike prone and dispute-free companies.

Sir John said: "We have been refining the scheme.

Companies joining the proposed fund would be eligible for reimbursement of between 50 and 75 per cent of their "standing charges", such as factory and office overheads, if they suffered a strike.

The plan has been criticized because it could strengthen employers' resolve and lead to bigger and longer strikes, but Sir John said this had not happened in the United States where similar funds operate.

The confederation is concerned that the scheme will founder unless it produces adequate premiums and has a broad spread of large and small, strike prone and dispute-free companies.

Sir John said: "We have been refining the scheme.

There is a great deal more flexibility, and people can choose which establishments they wish to insure. Now we have to see how much they want to pay."

The CBI's view is that the scheme will not necessarily cut down strikes, but will help industrial relations.

The CBI said that of the 449 pay settlements in manufacturing industry reported to its data bank since August 1979, 15 per cent were for pay increases of 15 per cent or more. Almost 40 per cent of settlements were for between 16 and 20 per cent; just more than 10 per cent of settlements were for 21 per cent or more. There was no sign of a single "going rate".

Apart from Clegg Com-

mission awards public sector pay increases since August 1979 differed little from the private sector.

The CBI said: "One trend that has emerged in recent weeks is the increasing importance of company profits as an influence on pay settlements."

"In nearly half of the settlements recently reported to the data bank profits have been cited as exerting a very important downward pressure on settlements compared with about two-fifths of earlier returns."

"This suggests that 'ability to pay' is exerting a progressively stronger influence on the level of settlements as the current negotiating period proceeds."

£1,400m insurance syndicate to be set up

Arab group to challenge Lloyd's

A dispute between Lloyd's underwriters and Middle East insurance officials has led to the formation of a £1,400m (£1,400m) insurance syndicate backed by four Arab countries.

The new syndicate, which could have a big impact on world insurance capacity, is to be set up this weekend backed by funds from Kuwait, Libya, the United Arab Emirates and Qatar.

Mr Abdul al-Rahman, Kuwait's finance minister, was quoted yesterday as claiming that the syndicate, to be based in Bahrain, would compete with Lloyd's and other markets in the west for international re-insurance business.

Last night Lloyd's conceded that the move was probably prompted by the London mar-

ket's decision last year to increase its risk by allowing ships entering the Gulf.

This move was cancelled after the visit of an Arab delegation to Lloyd's last August but reintroduced towards the end of the year as a result of the Iranian crisis.

Private sector Gulf companies have already formed an Arab risk pool in response to the Lloyd's move but the new syndicate is a more formalized venture, apparently designed more with a view to absorbing Arab money.

Although funding details have not been released it is clear that theoretically at least the new syndicate could handle premiums of at least £3,000m or £1,000m more than Lloyd's annual inflow.

that the new syndicate would create a risk pool for low premiums to fulfil anything like that total.

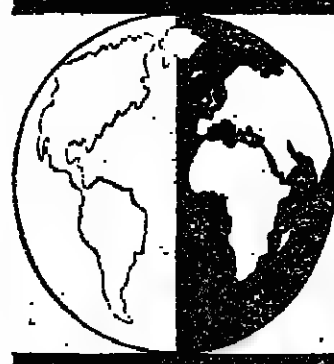
The view held by officials in the London market is that the new syndicate will have only a very slight impact initially. This is supported by comments attributed to Kuwaiti officials to the effect that undercutting the western market could lead to a flood of dubious risk business pouring into the Gulf.

The Muslim prohibition of usury has not stopped the growth of insurance in Middle Eastern industry but the view that it is wrong to take a gamble on Allah's will has led to little growth in what western insurers regard as "bread-and-butter" business such as life policies.

Richard Allen

Jardines 1979 Profits: 20 per cent Increase

- After tax earnings up 20% to HK \$403.2 million. Extraordinary items add further net HK \$372 million.
- Earnings per stock unit before extraordinary items HK \$1.86 compared with HK \$1.55 in 1978, an increase of 17%.
- Higher dividends. Recommended final dividend of HK \$0.60 making a total of HK \$0.82 for the year, an increase of 15.5%.
- Free scrip issue of 3 for 20 recommended.
- Underlying basis of recurrent earnings improved considerably and short-term cash resources increased by disposal of loss-making and low-yielding assets and investments.
- Good results from quoted subsidiaries. In Hong Kong continued economic growth enabled all sectors of business to perform well.
- Similar rate of growth anticipated in 1980 as achieved in 1979, and rate of dividend expected to be maintained on capital as increased by proposed free scrip issue.



Jamaica refuses standby link with IMF

Jamaica has agreed with its foreign banks creditors to avert any default on its \$110m debt after a meeting during the 21st general assembly of the Inter-American Development Bank with representatives of United States, Canadian and British private banks.

Mr Ronald Hugh Small, finance minister, said that Jamaica's debt would continue to be paid off without the standby agreement with the International Monetary Fund. An American banker who took part in the talks said Jamaica would continue to roll over 90 per cent of its foreign bank debt as it becomes due.

Olivetti negotiations

Olivetti, the electronics and office equipment group, may announce success on Friday in negotiations with St Gobain-Port a Mousson of France concerning a substantial capital injection by the French group into Olivetti.

Oil self-sufficiency

Argentina hopes to be self-sufficient in oil by 1983 and perhaps export in the future. Argentina also may become self-sufficient in natural gas and could export gas to neighbouring countries once pipelines are built.

Italian left-wing aid

La Lega delle Cooperative, the Italian left-wing cooperative movement, will give the Madagascar Government about £130m for development. A similar agreement with Algeria is expected.

Japan's ship orders up

Foreign orders received by Japanese shipyards last financial year rose sharply from 154 vessels in 1979 to 294 vessels worth 1,170,000m yen (£2,115m).

Dutch aid to Turkey

Holland is to contribute \$21m (£9.5m) to the \$527m loan package to Turkey agreed by 15 countries of the Organisation for Economic Cooperation and Development and the Community.

Doubts over Chrysler

Administration approval of Chrysler Corporation's \$2,000m (£913m) financial commitments needed to qualify for federal aid remains in doubt. Interim financing will not be given until long-term financing is worked out.

Car sales down again

Sales of United States produced cars fell by 24 per cent in early April, continuing the downward trend of recent months. The size of the decline was in line with expectations.

UK manufacturers worried by undercutting by East Europeans

Fears over electrical imports surge

Sharp increases in imports of domestic electrical appliances from East European countries are causing British manufacturers grave concern, according to the Association of Manufacturers of Domestic Electrical Appliances (AMDEA).

There has been anxiety for some time over low-price competition from Italy, particularly from washing machine and refrigerator manufacturers, but the East Europeans are landing appliances in Britain at prices well below domestic levels.

The British domestic electrical appliance market has been static. Last year United Kingdom deliveries to the trade showed a marginal decline at 21.6 million while imports continue to rise. Imports grew to 39 per cent last year, compared with 33 per cent in 1978, according to AMDEA's latest figures.

The East European exports are mainly refrigerators and freezers but an increasing number of vacuum cleaners are also being sent to Britain. The increases are from a low base, but Hungary has increased its exports of refrigerators to the United Kingdom by 154 per cent to 19,300 in the past year, while freezers from East Germany show a 186 per cent increase to 9,600.

In vacuum cleaner manufacture, a sector still heavily dominated by the United Kingdom manufacturers, imports from East Germany have risen 190 per cent and imports from Poland have gone up by 47 per cent.

All East European items are now thought to amount to around 100,000 a year, according to AMDEA.

United Kingdom companies fear the East European manufacturers will take over the lower end of the market, which has until now been dominated by the Italians. However, the Italian makers could intensify their competition in the middle price range of goods which until now has been the British makers' stronghold.

In fact Italy's share of total imports of electrical appliances dropped last year to 83 per cent from 1978's 90 per cent. However, in 1979 both France and Germany increased their import share slightly. The West German makers particularly have been taking a large slice of the luxury end of the market.

Just over 11 per cent of the United Kingdom electric cooker sector is now accounted for by imports, mostly in the form of built-in units. Imported ovens are now thought to account for 21 per cent of that market.

One gleam of hope for the British manufacturers is that, although washing machine imports in general were up, the amount of automatic machines imported dropped marginally from 46.5 per cent in 1978 to 45.2 per cent last year.

The engineering strike last year and to a lesser degree the transport strike early in the year had hampered the British makers' efforts to counter the imports threat, AMDEA said. No clear picture on the effect of the steel strike on this year's figures has yet started to emerge.

Another disconcerting factor for the British makers is their declining export performance. An AMDEA monitoring survey of major product groups showed a 7.4 per cent decline last year to 2.5m units—a fall in value terms of 5.6 per cent.

Derek Harris

Construction industry seeks to end Group of Eight differences

By John Huxley

Attempts will continue later this week to patch up differences among construction leaders which threaten the future of the all-industry Group of Eight.

Pressure to restore a sense of unity among building employers, unions and professional bodies has increased following the decision by Mr Michael Heseltine, Secretary of State for the Environment, to treat the group as the main channel of contact on matters of strategic importance to the industry.

At the same time, he scrapped the existing national consultative machinery.

This has led to a reappraisal of the Group of Eight's activities, which has until now operated on an informal basis.

Group members, who were taken aback by Mr Heseltine's decision, are anxious to avoid becoming too bureaucratic and formalised.

At the same time, they realize that if the group is to represent adequately the 20-odd organizations which participated in the old consultative machinery, its scope must be widened.

Individual members of the group will discuss the implications of the changes with their own organizations before the Group of Eight reassembles to discuss how its new strategic role may be developed.

However, the group is finding it difficult to resolve its internal differences.

One of the members, representing the Union of Construction Allied Trades and Technicians (UCATT), has only recently returned to membership after walking out in protest against government policies.

The second labour representative, from the Transport and General Workers' Union, is now considering his future membership, having pulled out of a five group's most recent meeting with Mr Heseltine.

Although the group has had ready access to both Labour and Conservative governments, feeling has grown that it has been powerless either to prevent or to mitigate repeated cuts in public construction spending.

Unions have found various aspects of Conservative policy increasingly distasteful and have suspected that employers within the group have reinforced from criticising ministers strongly.

Mr Basil Gwyn, chairman of the Building Material Producers and a member of the group, issued a strong plea for unity, saying it was essential that the industry spoke with a united voice at a time when it prospects were dismal.

"No industry can regard with equanimity the continuing decline in its prospects and its fortunes. It becomes all the more essential, therefore, that the Group of Eight should continue to represent forcibly and with the industry's full authority, our various problems," Mr Gwyn said.



Mr Basil Gwyn: strong plea for unity.

Behind the scenes, moves are being made mainly through Mr Bryan Jefferson, president of the Royal Institute of British Architects—to persuade the IGWU that it should remain a member of the group.

However, union views on the value of continuing to talk to Mr Heseltine are not likely to have been altered by impression given that by imposing a new role on the group, without prior consultation, the prime minister in a typically high-handed manner.

Survival of textiles 'will depend on innovation'

By Our Industrial Staff

Future success of the British textile sector will depend increasingly on innovation and the commercial application of the national talent for invention. Industry leaders were told yesterday.

There was a danger that long-term research for the future would be weakened as industry grappled with its present, severe commercial problems, Mr Ian MacArthur, director of the British Textile Confederation said.

"The present recession will not last forever. Sooner or later there will be a revival in the world market. If we secure the international trading framework which we seek, and if sterling is more realistically valued, that revival of demand will bring real opportunity."

"We should, therefore, look to a better future, and prepare ourselves to seize the opportunities," he said.

Speaking in Harrogate, Mr MacArthur said that competition would be intense. All producers, including those in low-cost countries, now had access to modern machinery and advanced production techniques.

This meant that British producers had to exploit other strengths, such as textile research and educational structure, which were the best in the world.

Mr MacArthur's remarks came at a time when research establishments are having to seek out more short-term commercial contracts.

The Shirley Institute, which conducts research primarily in cotton, silk and man-made fibres, and Wirtz (formerly the Wool Industry Research Association) are reorganising their efforts to meet the demands of contracting industries.

Mr MacArthur said that despite the pressure to take short-term commercial contracts, a balance must be maintained. While the financial disciplines of commercial reality must be accepted, they must not weaken long-term research for the future," he said.

Paper trade needs 'great discipline'

By Edward Townsend

Britain's paper trade was warned last night that in the face of depressed demand in the United Kingdom it would need "great discipline" in the months ahead to maintain solvency.

Mr Tom Corrigan, Chairman and managing director of the Interlink Group, told the annual dinner of the National Association of Paper Merchants in London that the industry's customers were under great pressure and losing business to overseas competitors. As a result, a reduction in deliveries of paper could be expected.

While there are some aspects of current government monetary policies which command wide support and there is an acceptance of the need for strong medicine, there is increasing concern that manufacturing industry in particular, and business in general, is in danger of being given an overdose—an overdose which may deal with the illness but may also kill the patient in the process."

The paper industry should perhaps warn the Government, "and with a much louder voice," of the severe difficulties confronting British business.

Prices of many grades of paper in western Europe were too low and seriously out of line with pulp prices. This was against the background of a further rise in pulp prices from April 1, increases in energy costs, wages and salaries and other production and distribution costs.

"This imbalance between pulp and paper prices inevitably causes great instability and must surely change—it cannot survive for too long."

Mr Corrigan gave warning that offers of uncommercially priced paper, or of uncommercial credit terms, whether from traditional suppliers or from opportunistic non-traditional suppliers, if encouraged, "are likely to give rise to serious long-term and perhaps permanent damage" to the industry.

Top US officials defend restrictive policies

Washington, April 16.—Two of President Carter's top economic aides, reaffirmed their support for the Administration's restrictive economic strategy and said that any future relaxation should begin with monetary rather than fiscal policy.

Mr G. William Miller, Treasury Secretary, said that although there were signs that an economic slowdown was beginning, the Administration should stick to its tight fiscal and monetary policies.

But if the recession gets worse than expected it would be better to maintain discipline on the fiscal side and to ease monetary policy because changes in monetary policy can be more easily timed to be "coincident with the need."

Similarly, Mr Lyle Gramley, a member of the President's Council of Economic Advisers and a nominee to the Federal Reserve Board, told the senate banking committee that he favoured the board's policies to slow the growth of money and credit.

It is important that interest rates come down too, but possible, and a tighter fiscal policy could help to achieve that goal, he said.

The Administration is considering trying to alleviate the effect of high interest rates on the housing industry. One move could be to endorse efforts in the House to reduce mortgage interest subsidies to low-income households so that the aid could be made available "more generally," Mr Gramley added.

He also told senators that he would consider sympathetically the idea of imposing different standards on growth for large and small banks. The Fed has asked all banks to limit the growth in credit they extend to a 6 per cent to 9 per cent range this year.

LETTERS TO THE EDITOR

Competitive spirit of British Rail

From Mr G. Myers

Sir, In his nostalgia for the "good old days" of pre-nationalized railways, Mr John Ogilvie (Letters, April 16) is less than fair to today's railway managers and far from accurate in his comments on the railway business of today.

The Board's annual report for 1979 will be published next week and it will show that the cost of railways to the taxpayer has been significantly reduced in real terms over recent years. BR now receives less government support than any major European railway and yet it has consistently met the financial targets set by government.

A loss of £66m in the freight and parcels business has been turned to virtual break-even in the last three years and the introduction of High Speed Trains, together with marketing enterprise, has generated the highest passenger-mileage since 1961, when the network was 30 per cent bigger. It is always open to the Post Office to take its mail business away from railways, but a reminder that this sanction exists, first exposed by BR in its own staff newspaper, *Railnews*, is very different from the suggestion that the £38m contract is currently at risk.

It is also misleading to suggest that BR plans to spend £150m on a fleet of 60 Advanced Passenger Trains without acknowledging that the bulk of this amount is simply a necessary renewal of assets, albeit in a modern and more cost-effective form.

As far as the London and South-east rail scene is concerned, BR has launched a public debate seeking recognition that this is not just a railway matter and must be considered in the context of a new overall policy for transport in the area, taking account of the widest economic and social welfare interests of the region, so that the commuter's contribution can be properly assessed.

This will be more fruitful matter for debate than discussing the revival of regional designs and liveries for trains. The physical and administrative expense of such a revival would far outweigh any advantages. Commitment, enthusiasm and competitive spirit is alive in BR without turning the clock back.

Yours faithfully,
G. MYERS,
Board Member for Marketing,
British Railways Board,
Euston Square,
London NW1 2DZ.

Grateful to Sir Freddie

From Mr Christopher Keeling

Sir, As a Lloyd's underwriting agent whose full-time job is looking after the affairs of some 500 members of Lloyd's throughout the world, I believe that I speak for many of the Lloyd's community in saying that I am extremely grateful to Sir Freddie Laker for the tone of his letter to you of April 8. After a spate of publicity which has brought forth wide criticism, it makes a very welcome change for the public to be reminded of the contribution which Lloyd's as a whole makes to our exports.

Your faithfully,
CHRISTOPHER KEELING,
Managing Director,
Fenchurch Underwriting
Agencies Ltd,
136 Minories,
London EC3N 1QN,
April 9.

wide criticism, it makes a very welcome change for the public to be reminded of the contribution which Lloyd's as a whole makes to our exports.

Prohibitive costs of moving

From Mr J. A. L. Dorell

Sir, A few months ago I moved from London to Cambridge and to take up a new job. For a while I was unemployed.

I calculate the total costs of moving house at about £3,500, of which £1,000 was reimbursed by my employers and £800 went in stamp duty. Since suitable opportunities are limited in my new area, I am faced with a difficult choice: sit tight in my present house drawing unemployment pay over a long period while I find a new job, or cast my net wide in order to secure employment quickly wherever it may arise.

My natural instinct is to follow the latter course. But any move will presumably cost me another £3,000 of which perhaps a more generous employer will refund £2,000. What really is the £3,000 which the Government will again charge me on my new house, wherever that may be. I shall of course act like Friedman's economic man and attempt to recover it through a higher price, adding my own little twist to the inflationary spiral.

Sir Geoffrey Howe cannot be under any illusion that the raising of the exemption value to £20,000 will make any significant difference in the impact of this tax on labour mobility.

I have no quarrel with the Chancellor's Budget in general, but if ever there was a cosmetic change, this is it. One can only surmise that it was Satchi and Satchi's contribution. Yours faithfully,
J. A. L. DORELL,
56 Way Lane,
Waterbeach,
Cambridgeshire,
March 28.

Electricity bill transfer banks not to blame

From the Director of the Banking Information Service

Sir, Mr Dougherty (April 8) should not blame the banks for the inconvenience of not being able to pay his electricity bill by credit transfer; it is his electricity board that has decided to discontinue offering the facility.

Until recently the banking charges and services required by the electricity industry were negotiated by the Electricity Council with the banks by credit transfer. However, during the 1970s the increases in paper-boarding costs attributable to inflation were not passed on because of the operation of price control regulations. Now that more realistic charges have been introduced, and individual electricity boards are conducting their own negotiations with individual banks, some boards have chosen not to offer the credit transfer method of payment to their customers. Other boards have continued to offer the service as hitherto.

Mr Dougherty cites one area board's notice explaining the withdrawal of the service. The notice refers to a substantial charge made by the banks to electricity boards and points out that the consumer is able to pay his bill in cash at a Post Office, for which there is a small "convenience" charge for the alternative means of payment suggested.

Mr Dougherty should not the rem in fact his covering standing order in the bank charges. If, as a rest, the credit transfer looked upon as a sex receiving authority's cash and cheque facilities are saved at a customer's account to be made to the son's account with but not to some account.

In answer to Mr I last question, I have that if he were to bank a credit transfer obtained from the tender it with his support, his bank's payment forward however, this has his area board has collection account to of payment.

Your faithfully,
JOHN HUNSWORTH
Director, Banking In Service,
10, Lombard Street,
London EC3V 3AR,
April 9.

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Highlights from Mr. Stanley Field's preliminary statement

- *Pre-tax profit and earnings both significantly higher.
- *Steady progress by Baird Textiles; heavy investment in production processes sharpening competitive edge.
- *Strong Balance Sheet: liquid funds exceed total debt.
- *Darchem in position of strength after decade of consistent growth; technical developments promising for future.
- *Sale of holding in Dawson International completed for £18.8m.
- *Group trading results during first quarter encourage the view that further progress can be made in 1980.
- *Services Division disposed of at net asset value of £1.2m.
- *Further acquisitions made in textile trading.

Summary of Results

Year ended 31st December

	1979 £000	1978 £000
Turnover	136,990	116,941
Operating Profit		
Textiles: Baird Textile Holdings	5,454	4,017
Industrial: Darchem	2,464	2,100
Investments: Including deposits	1,506	459
	9,424	6,576
Interest payable and Central Administration	(1,735)	(1,282)
	7,689	5,294
Services Division (after interest)	123	143
Profit before Taxation	7,812	5,437
Profit after Taxation and minority shareholders' interests	5,496	3,849
Issued capital in £1 Ordinary Stock Units	16,515	16,515
Earnings per £1 Ordinary Stock	33.3p	23.3p
Dividends: net	12.25p	10.36p
with related tax credits	17.50p	15.47p

Note: The Group's holding in Dawson International was sold in April 1979 and it ceased to be an Associated Company. Accordingly dividends received from that company are included under Investments—1979 £275,000 (£1,345,000).

The 1979 Annual Report and Accounts will be posted to stockholders on Friday, 2nd May 1980. The Annual General Meeting will be held in Glasgow on Thursday, 29th May 1980.

WILLIAM BAIRD & COMPANY LIMITED

Administrative Office: Moorgate Hall, 153 Moorgate, London EC6M 6XH
Registered Office: 148 W. George Street, Glasgow G2 2NS

BY THE FINANCIAL EDITOR

RTZ shows its paces

ce houses are no longer quite animals they were in the late 1970s following the wider interests, particularly into the id.

you would always draw this con- the was stockmarket sentiment areas dancing faithfully to the me, as has been the case over 1th with sharp falls following c levels prices were pushed up if the boom in gold and copper first quarter of this year.

ably the least exposed of the United Kingdom houses to a any one commodity with its metals interests and the of its industrial side over the ars. In the event the group with 1979 figures that more he strength of the shares. After nt jump to £61.6m in the first ributable profits—always the ure at RTZ given the size of eholders in its major sub- second half has been almost ave attributable earnings up to £149.8m.

bout a tenth higher than out- s, already downgraded to take a dilution of its interest in CRA its issue, which combined with dividend increase of a quarter pushed the shares 15p higher day. Part of the discrepancy deferred tax treatment which ear's profits by £8.6m or some

the results from the quoted alabora, CRA and Rio Algom n, the surprises appear to have unquoted groups which now most half RTZ's profits.

side produced same again round £30m despite worries ited State recession while in indgom RTZ Industries was 27 id. But the wild card appears Rossing where uranium pro- into full swing in the second

coy about revealing its precise but it probably chipped in helping to offset a duller year still smarting from the loss of e Valley Authority uranium

ceptional first quarter already RTZ looks set for another year though not of the same 9. Yielding 5 1/2 per cent and 'haps 6 times prospective ear- res would look good value if shares had not had their day eing.

ddeley

term ice

n the thick of the engineering rent woes, Hawker Siddeley's setback of 9 per cent to £108m not look too disappointing. llowing for the first-time contri- n from Carlton Industries and Vestinghouse, the underlying was more like a fifth. And he Canadian operations lifted uion 50 per cent to £21.6m on booming railway equipment isic United Kingdom operations a awful time.

diesel business was particularly y the problems in Iran and a downturn of around £23m ile the engineering strike is ave cost some £7m.

however, held steady at 184p n the view that despite the ok for engineers generally over years, the worst could be over rker is concerned. Order books up reasonably well, while some can be expected in diesels after n moves last year. Without a st year's strikes profits could, to around the £120m mark for p/e of less than 8.

increase of less than 7 per ng a yield of 6.2 per cent hardly market and nor did the revela- a strict CCA adjustment the ould be less than 1 1/2 times

But Hawker remains one of the few com- panies in the sector with the balance sheet strength and product spread to inspire genuine long-term confidence.

Burmah Oil After the recovery

It was pretty obvious at the interim stage, when Burmah paid its first dividend in five years, that the group was doing well—but not how well. In the event pre-tax profits are up from £17.13m to £67.34m; and while there is an exceptional £13m in that (relating to past provisions, now clawed back, against agreements with Pertamina and others), the signs are that this year's profits will be better still.

The improvement has come in several areas. First, the contribution from the Thistle stake is more than doubled, at £13m; and since Thistle has not yet reached its peak there will be more to come from this source over the coming two years. Then the shipping losses (before allowing for recovery of the Pertamina provisions) are down from just under £23m to £8.5m—thanks to a reduction in the number of vessels (now down to 15), and better rates in the tanker market last year.

In addition the contribution from Castrol and the other downstream activities is sharply improved, perhaps by as much as £15m, thanks to higher demand and better margins on the petrol station forecourts.

In the short-term a further improvement in shipping is unlikely, though the group is sufficiently confident about the future to put the emphasis now on employing the fleet, rather than getting rid of it. Moreover, Castrol and the other downstream activities may suffer a setback this year, as margins are squeezed. With more to come from Thistle, however, pre-tax profits are unlikely to fall short of £70m, and could be a lot higher. And the principal question for shareholders is what the group is going to do with it.

A better than expected final dividend—which puts the shares, at 22 1/2p, on a yield of 4.2 per cent—suggests that shareholders' short-term needs will not be neglected; but the longer-term future for the company is still somewhat obscure. Now that the excitement of recovery is out of the way, the shares are unlikely to go anywhere in particular until a new sense of direction is established.

W. H. Smith

Non-trading upsets

WH Smith has a knack of surprising the market. As late as last November at the time of the interim figures it was suggesting that if Christmas trade was good the results for the full year would be good too. In fact the retailing side of the business would have done reasonably well in what was a tough year for retailers, but WH Smith came a cropper on non-trading activities and it is this that led to the pre-tax profits fall of 7.8 per cent to £18.6m on sales that rose 20 per cent to £571m.

Taking into account the increase in interest paid, property sales and foreign exchange losses the adverse turnaround is no less than £5.7m. Last March Smiths paid £12m for LCP Homecentres of which £8m was goodwill and while the company has done as well as expected with a £1.1m contribution to profits there was the inevitable fall in liquidity after such an acquisition. But Smiths is very pleased about moving into the do-it-yourself market and expects good growth in the future.

On the retail side the two dark areas have been the wholesaling division both here and in the United States, and records sales although the problems are being tackled apparently successfully.

Smiths has more going for it this year. Overall, while the rest of the retail trade is going to go through a bad patch, Smiths should be bouncing back to around £22m-£23m. But it is a moot point whether the shares, down 15p yesterday, are going to find much following in the months ahead standing on a yield of only 4.4 per cent and a fully paid p/e ratio of 13, if property sales are stripped out.

Economic notebook

When silence is an admission of guilt

I would very much like to have one of the Post Office's new electronic telephones. The Post Office would not doubt like to supply me with one, but I have had some doubts about its investment. Many investors would like to lend the Post Office or its successor, British Telecom, the money to buy the equipment. It is a transaction which would make every- body happy, including the private sector companies who make the equipment.

But it is a transaction which will have to be delayed, if not for me, then for many others. For the Post Office does not have enough money to back its commercial judgment on the likely expansion in demand for telecommunications services. And the Government's determination to impose a limit on the external finance which the Post Office can raise means that it has no way of getting it.

Frustration over the limit to commercial freedom which this implies seems to be one of the factors which led to the resignation of Sir William Barlow. He is known to have argued that the Government-imposed limit this year was set so low as to interfere with the corporation's investment programme.

Sir William's departure highlights much broader issues which lie at the heart of the doubts which have emerged in recent weeks over the Government's medium term strategy, however, it is the extraordinary assumptions which seem to have been made about the ability of these industries to transform their financial positions.

Last financial year the nationalised industries as a whole borrowed £1,900m from the Government. By 1983-4 they are expected to repay £550m. That improvement is almost wholly due to the cut in total public spending over the period of the Government's plan.

There are three questions which need to be answered. Can the nationalised industries achieve such an improvement? Should they do so? And does it make sense to treat their finances in the way that we do? The Government has put up a very poor performance in trying to persuade us that the answer to the first question is yes.

Let us assume for the moment that there is no revolt against the large increases in electricity and gas prices which are implied by the talk of economic pricing. Let us also assume that the energy industries do not face weakening demand as a response to higher prices.

Losses

That still accounts for only 25 per cent of the improvement the Government is looking for. The rest comes from a combination of losses in industries such as British Steel, the railways and British Shipbuilders. There are many arguments for believing that this cannot happen.

It would, for example, almost certainly require huge cuts in investment. So far we have heard no sensible reasons for thinking that it could happen. Instead, we have been told that the Treasury has carried out a dialogue with the industrial industries but does not think it worth publishing detailed breakdowns of the figures.

This is a classic example of a case where silence has to be taken as an admission of guilt. The Treasury really ought to be publishing a statement on nationalised industries in the public spending White Paper and all the caveats about great uncertainties provide no excuse.

The planned improvement is thus most unlikely to be achieved. But ought the Govern-

ment to be aiming for a move in this direction? Here they are entitled to rather more sympathy than they seem to be getting from their critics.

There really is no justification for not increasing the price of gas and electricity. Subsidising energy consumption, which is what a policy of not charging the full rate the market will bear amounts to, is one of the most absurd subsidies imaginable. It would make far more sense to get as much revenue as possible from these industries and to use the money to try to reduce inflation in other ways.

The position for other industries is more complex. There is no fundamental reason why industries such as steel should not, over time, cut their losses.

But it is necessary to realise just what is being said when cash limits of this kind are applied. It is that if the state industries cannot raise the cash to finance their business, they have to cut their operations, possibly destroying the industry in the process. That is a risky way of running an arms length relationship with a nationalised industry.

It applies annual judgments which are tougher in many ways than those of the market place. And since the external finance limits are to nationalised industries what cash limits are to the Civil Service, there is precious little room for manoeuvre if things go wrong.

Barrier

Not all the industries owned by the state are loss-makers, however, and it is here that what seems a rather rough and ready means of imposing discipline on the loss-makers becomes a positive barrier to the sort of commercial judgment which the Government ought to be applying. Take an example from the energy industry, where we have been experiencing the effects of a winter of shortages.

This unseasonal weather has led to a build-up of stocks of coal at the power stations and at the pitheads.

Is there really any justification for imposing cuts in the electricity investment programme if the cost of financing these coal stocks for a few months risks breaching the electricity industry's financial limit for a particular year?

It is certainly an odd way of running a business. Even odder is the notion that the proportion of the costs of building up our telephone network, which is covered by charges in any given year, should be determined by the Government's bringing down its estimate of the total public sector borrowing requirement.

The trouble is that the present treatment of public spending lumps together too many dissimilar elements. Borrowing to finance investment in telecommunications is like borrowing to finance a chemical factory, not like running a deficit on the Government's current account or financing losses in shipbuilding.

The way to recognize this difference would be to do what has been considered before and allow those nationalised industries which can borrow in the open market for profitable ventures to do so and exclude them from the Treasury's borrowing limit which is the target for government.

This does not mean that the borrowings of nationalised industries do not matter or that they should be allowed to run unlimited losses. But a government cut which relies on the use of commercial judgment ought to practice that belief and not hold back the development of vital industries to massage its own borrowing figures.

David Blake

How Japanese shipyards survived the 'oil shock'

Peter Hill

Tokyo At the Kure shipyard of Ishikawajima-Harima Heavy Industries (IHI) today workers will be laying the keel of a 69,000 tons deadweight oil tanker.

The quadrupling of oil prices in the early seventies dealt a double blow to Japan. Not only did it fuel domestic inflation, producing frenzied attempts to tie up supply contracts, but it also caused immense problems for the country's shipbuilding industry.

IHI, together with the other big shipbuilding groups including Mitsui, Mitsubishi and Sumitomo had previously played a key role in keeping down the cost of oil to the Western world by developing ever larger tankers to transport it.

In the early seventies, the Japanese had drawn up plans for the megaton tanker. The Kure yard was among the leaders and vessels five times the size of the tanker the group is now building for Daiwa tankers were a common place.

The oil shock changed all that. The ships in which the Japanese had specialized were no longer wanted and the tanker market slumped under the weight of the tonnage which owners had ordered before 1973.

But big reorganization was inevitable. To a large extent that

restructuring has now been completed and despite the slump in orders from a peak level of 73.6 million tons gross in 1973 world-wide, to a mere 16.8 million tons last year, the much slimmed Japanese industry still managed to secure close on 50 per cent of the available orders.

The influx of orders has of course been helped by the way in which the yen has weakened against other currencies, especially the United States dollar. So attractive were the Japanese yards because of the exchange rate that total export contracts gained in the last fiscal year totalled almost 7 million tons gross.

The yards are heavily booked throughout next year and the much reduced capacity has meant that pressure is growing on capacity for ships delivered the following year. Such is the pressure that there are already rumblings of discontent that this relatively buoyant state of affairs may lead to the yards urging the government to ease the present restrictions on output.

The rationalization plan involved 60 yards reducing their capacity by 35 per cent by the end of February. That target

has in fact been exceeded: 36.5 per cent of capacity was cut and thousands of workers have been redeployed to other work.

Groupings of smaller yards have been encouraged and operating rates of the larger yards have been trimmed using the mechanism of Japan's anti-recession cartel which has been widely used in a number of other industries.

The reorganization has gone smoothly and earlier this month Japan's Fair Trade Commission approved a 12-month extension to the work of the Cartel beyond the original expiry date of March next year.

There is an air of cautious optimism about, but it is being tempered by an awareness of the grave effects of the present bout of inflation. Japan's wholesale price index is 20 per cent higher than a year ago which is the sharpest rise since the first "oil shock" six years ago.

Workers in the shipbuilding industry are pondering the employers' offer of a rise of about 6 per cent in the new wage round (which looks as though it will be accepted) and productivity improvements will be sought against a recent rise in electricity and steel prices which have risen by 50 per cent and between 10-12 per cent respectively.

Japan's shipyards may have sailed through the storm of the past five years but it is still far from calm in the harbour.

Time to reform state industry appointments system

Mr Ron Dearing, whose appointment to the Post Office has been rather overshadowed by the chairman's resignation is one of several senior civil servants who have moved out of Whitehall recently. Only a month ago, Mr John Lippitt, who like Mr Dearing was a deputy secretary at the Department of Industry announced that he was going to GEC.

Nor is it by any means unprecedented for top civil servants to move to nationalised industries. Indeed Mr Alexander Curran who was managing director (Posts) at the Post Office between 1972 and 1977 was a former under-secretary at the Board of Trade.

Several former Ministers of Power officials went to nationalised industries including Mr Owen Francis, a former chairman of the London Electricity Board, and Mr Alan Norris, the former chairman of the North Eastern Electricity Board.

Several former Ministers of the National Water Council from his position as second permanent secretary at the Department of the Environment. Then, of course, there is Mr Michael Casey, the deputy chairman and chief executive of British Shipbuilders who moved from the Department of Industry in 1977.

However, it is questionable whether, in the present political climate in which nationalised industries are being required to become competitive, whether the transfer of civil servants to the helm of state boards is the best way of making a large slice of the national economy more efficient.

As any follower of the Yes Minister television series will have observed, Whitehall operates to rules which have little relevance to the business realities of making and selling things.

Mr Dearing's appointment to the Post Office is an exception. The postal division of the corporation never completed the changes into an independent corporation in the 10 years since it ceased to be directly under the Civil Service umbrella. It provides a labour

intensive service rather than a manufacturing operation.

With comparatively low investment requirements, its financial target is to break even rather than to generate a profit. It is likely to be to everyone's benefit to have a chairman who not only knows the business (Mr Dearing has been responsible for the Post Office among other nationalised industries for the past four years) but who also understands the Whitehall rules.

Unfortunately, as Sir William Barlow's resignation and the highly publicised search for a successor to Sir Charles Villiers, chairman of British Steel, shows, there are great difficulties in getting able private businessmen to take on the nationalised industries. The danger is that the appointment of civil servants to the boards of state concerns may be the result of there being no other option.

The difficulties are not new, though it is surprising that they have come to a head under a government which has declared (and demonstrated) that it does not want to meddle in the day to day running of the state industries. As far back as 1974, Sir William Ryland was re-appointed to the chair of the Post Office because the Department of Industry was unable to find a successor.

The Nationalised Industries' Chairman's Group, which represents the heads of 22 public sector corporations and boards thinks that improvements are needed to the rather undignified scramble for recruits. There are already signs that the Government is taking up their recommendations for more professional recruitment methods. It is now common practice for them to have executive search organisations to augment the traditional "old boy network" approach.

However, improvements in the recruiting arrangements will only touch the surface of the problem. Sir William Barlow (who is one of the more outspoken of the nationalised industry heads as well as chairman of the group) said that there were a number of reasons for his resignation from the

public sector. He summarised these as too many constraints and too much exposure. His views are shared by many other businessmen who have turned down state chairmanships.

The risk to personal reputation is probably the most important reason for the reluctance. It is very difficult for a state industry chairman to emerge with credit. As Sir William Barlow, an engineer, put it, the exposure is one of 360 degrees.

The chairman of a state monopoly is pilloried by consumers and government alike for increasing prices. Yet he is equally censured if he does not at least balance his books. He also has to run the gauntlet if the profits are too large (and may indeed be forced to hand them back to customers).

The constraints of government-imposed cash limits makes it nearly impossible to plan long-term investment to improve the quality of service, yet a decline brings a storm of criticism, which is a clearly identified figurehead the chairman has to bear personally and defend publicly.

The many constraints imposed by government which are more subtle than cash limits and financial targets, are irksome to businessmen, particularly if they are unused to the Whitehall rules. The procedure whereby a state chairman and his top management aides have to be publicly grilled regularly by members of Parliamentary Select Committees is disconcerting to many newcomers.

Above all, there are the political and financial changes of policy emanating from sponsoring ministers. As Professor John Heath said in the last annual lecture given by the Nationalised Industries' Chairman's Group, the state as represented by the sponsoring minister (who may have no business experience) does not regard its public enterprises "as a portfolio of businesses to be managed as a corporate activity".

Patricia Tisdall

Business Diary: Boys' own jobs • Holiday boom



"You'll have to dig deep to find out who is following Barlow—they've put the announcement in the post."

Civil Service feet continues to grow of Sir William Barlow from the Post there is no sign of in the opposite

gall, among many, than, leader of the because he was not ng Higgs in a plan industrialists into red heights of the e.

in power overrode from Whitehall's elons and the Civil ns to force through hich would, initially, d three under-secre- the third highest in order, to outsiders. y way hitherto to shall if one had not ter university was to one of the rare posts ipal offered to

the fact that the stary posts paid at £16,700, probably 0,000 less than the hich those might- oped to attract mig- ad to receive in pri- try, there was a large p applicants.

of appointment were sent out to at least rialists last summer posts were frozen by Conservative Govern- be freeze has since where but not on the appointments which Service department ain "in suspension" Donoghue (sic), Callaghan's policy clusv of the people closely with the move, said t: "It would be good

for the working of Govern- ment if people with outside experience, especially industrial experience, were able to come in at a higher level.

"I don't wish to knock the Civil Service, I think it is a public service which should be open to ability and experience and should not be treated as a closed monastic order."

There are those who feel the plan may be resurrected, though it would be certain to meet stiff opposition once again from the highest levels of the service. One of those involved in the initial negotiations — not Donoghue — said: "When Callaghan first came up with the idea, the permanent secretaries founded on him to a man."

Canada Dry, the wholly-owned Bass subsidiary, has come up with a novel way of producing a soft drink which tastes uncannily like lager.

The firm has persuaded Bass to brew real lager and then remove the alcohol content. The result, inexplicably called Barbican, tastes exactly like the real thing and will go on sale shortly as a soft drink.

Though it will carry no duty, Barbican will cost the same as lager because, says Canada Dry, of the expense involved in expunging the alcohol.

Business Diary carried out a scientific test of the substance on the resident lager drunk at the column's club. Despite the lack of alcohol, he became giddy, rude and complained the following day of migraine. What can this mean?

Whatever's going to suffer as recession and inflation hit the British consumer's pocket this year it looks as if the package tour operators will finish up with a broad smile on their faces.

Package holiday bookings are up 10 per cent on last year's record figures, according to Ivor Elms, president of the Association of British Travel Agents (Abta).

The bookings upsurge has surprised the trade which before the season started was cautiously forecasting a bookings increase of only a few percentage points. Over five million Britons last year went on overseas package holidays, a rather more than 2 per cent increase on the previous peak year of 1973.

The 30 top tour operators had a record 1979 turnover of £644m yielding the 6 per cent profitability which in recent years has been par for the operators' course.

Sterling's strength obviously has a lot to do with the overseas holidays boom and the United States is expected to attract over one million Britons. In Europe, Greece and Portugal are more popular this year than last, and Spain less so.

But where will this mass exodus overseas leave the tourist industry at home? Last year England's hotels saw overnight sleepers fall to 44 per cent of the total accommodation available from 47 per cent in 1978. This season caravan holiday bookings are reported to be doing well.

There was a time when every American "B" movie featured an amateur inventor who believed he had come up with a revolutionary version of the spinner which would sweep world markets.

At this stage Business Diary must cut to Hampstead in 1978 where just such an inventor, Gerald Cooper, perfected the idea for a fibre optic-assisted screwdriver.

Cooper, however, is no cinematic creation. He has taken his brainchild around the country, secured a permanent showplace at the Science Museum, Kensington, and formed a manufacturing company.

Shortly, the Arrowrite Afton will go on sale at around £7.75 retail through national multiples and street corner ironmongers, and he has secured orders from government departments and motor companies, and attracted interest from abroad.

The screwdriver uses Pilkington fibre optics to carry light from a bulb in the handle to the tip and proves, says Cooper, the inventor still has a place in British industry.

While the West may argue about the value of President Carter, the man himself has no doubts. His net worth last year was \$893,304, he disclosed in Washington yesterday, compared with \$1,005,510 in 1978. The setback was caused not by Iran, Afghanistan, or that sea-saw election campaign, but heavy losses from the family farm and peanut warehouse at Plains, Georgia.

David Hewson

WHSMITH

W. H. Smith & Son (Holdings) Limited, Results 1979/80.

	1979/80 £ Million	1978/79 £ Million
Sales	570.9	474.1
Trading profit	20.7	19.6
Interest (payable)/receivable	(2.1)	(0.9)
Associated companies—(losses)	—	0.3
Profit before tax	18.6	20.2
Taxation	4.9	2.4
Profit after taxation	13.7	17.8
Extraordinary item—(loss)	—	(0.5)
Net profit	13.7	17.3

Earnings
Dividends

Per 50p share
16.2p
4.2p

21.1p
3.133p

- * Retail turnover increased by 21.0%, and trading profit rose by £2,425,000 to £18,281,000.
- * Do-it-yourself turnover from the date of acquisition, 9 March 1979, was £14,835,000 with trading profit of £1,089,000.
- * Wholesale News and Magazines turnover increased by 14.3%, and trading profit fell from £4,290,000 to £3,899,000.
- * Wholesale Books turnover in the USA and UK increased by 10.8%, but trading losses increased from £992,000 to £3,016,000.

For copies of our Annual Report and Accounts, and the Staff Report, please write to the Company Secretary at Strand House, 10 New Fetter Lane, London EC4A 3AD on or after 16 May 1980.

WHSMITH

INSEAD

European Institute of Business Administration
FontainebleauCorporate Strategy Programme
June 8 to June 13, 1980

Objectives: to provide general managers at corporate and divisional levels with a conceptual framework for the design of strategy in the context of a rapidly changing business environment.

European Manufacturing Strategy
June 8 to June 20, 1980

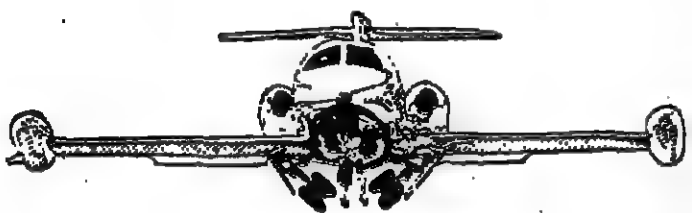
Objectives: to examine the impact on total company performance of manufacturing decisions, and to develop a framework for planned improvement in productivity and profit.

International Finance Programme
June 8 to June 20, 1980

Objectives: to examine, in the context of the highly uncertain international economic and financial environment of today, foreign exchange risk management, international banking and financial markets.

Managerial Skills for International Business
August 24 to September 5, 1980

Objectives: to broaden the skills and capacities of the manager to be able to cope effectively with the challenges and problems of operating in a changing international environment.

For more information about these programmes please write to:
Mhairi Forbes
Administrative Manager
Executive Development Programmes
INSEAD
77305 Fontainebleau Cedex, France
Tel: (61) 422 45 27 - Telex 690389 FTime waits for
no man.

ExecuJet

Barrow
Hepburn
almost
doubles

By Peter Wilson-Smith

Sharply lower interest charges were largely responsible for Barrow Hepburn's near-doubled profits in the year to December 31.

Net year-end borrowings were equal to only 4 per cent of shareholders' funds and with interest charges falling by £1m, pre-tax profits jumped from £1.7m to £3.04m.

Barrow also managed a 9 per cent improvement in operating profits to £2.99m with all the United Kingdom companies except the textile operations showing better results. The associated companies in France and New Zealand turned in £158,000 more to £435,000.

Group turnover was only 4 per cent higher at £36.0m. Volume sales for the group were up but falling hide prices since last April depressed the value of sales.

Earnings per share have risen from 2.73p to 7.5p and the gross dividend for 1979 is more than twice the previous year at 3.14p. At 35p—1p harder on the results—the yield is 9.0 per cent and the fully-taxed p.e. ratio is 5.7.

Barrow says trading conditions worsened during the second half of 1979 but chief executive Mr Raymond Way says he is "not worried" about 1980.

Although still well-known for its links with the leather industry, Barrow has emerged from the restructuring and asset disposals of recent years with only just over a quarter of profits springing from leather operations or hide trading.

In the United Kingdom, Barrow has a wide spread of activities ranging from safety products and packaging to industrial rubber.

The overseas companies, which account for half of group pre-tax profits, include Rizzi in Italy which makes machinery for the tanning industry.

Barrow will be looking for acquisitions to expand its present activities.

The demise of British Tanners Products, which was jointly owned with the National Enterprise Board and went into receivership last July, should not cost Barrow any more.

The reduction in borrowings during 1979 reflected both a positive cash-flow and monies received in settlement of claims.

Stock markets

US bank announcement gives gilts late sp

After a cautious start generated by the military tension in the Middle East, when the FT Index slipped to 437.7, down 0.1 at 11 am, the stock markets firmed and made progress.

Gilts, which had opened slightly easier after the previous day's halt in recent advances, began to rally later on with the prospect of the new long-term stock to be tendered today.

Dealers reported that speculation surrounding oversubscription for the tap had faded, but Government stocks received a sharp boost after hours with Chase Manhattan's announcement of a 4 per cent reduction in interest rates. This acted as a spur which enabled longs and shorts to close £4 better with half of the increase coming after the official close.

In equities, oils and properties made a dehydrating gain. The oil stocks benefited from news that BIOC is to raise its North Sea oil prices by about 35 cents a barrel, which prompted sharp advances in Lasso, 15p up at 508p, and Tricentral, up 10p at 304p. Properties saw investors returning to the trading shares in the hope of lower interest rates.

By the close the FT Index had recovered to 443.1, 5.3 up, and after hours trading maintained the quietly firm pattern established in equities.

The leading industrial were buoyant all day. There was a tendency at lunchtime for a

move downwards, but this disappeared in the afternoon. Unilever was pulled up by 10p to 408p on the strength of its Dutch interests and dealers saw good turnover in Glaxo, which reported on Monday with interim figures, Beecham, on the back of suggestions that a substantial line of shares went through the market on Tuesday.

The move towards lower interest rates anticipated in the summer, and strengthened yesterday by the cut in United States prime rates, should boost the shares of hire purchase groups like Lloyds and Scottish whose price was unchanged on the day at 141p.

and in Dunlop, Glaxo finished 2p down at 216p, Beecham's 3p at 118p and Dunlop closed unchanged at 57p.

ICI gained 4p to 372p, Fisons 2p to 275p and Courtauld's 2p to 67p. Distillers put on 4p to 207p and Rank finished with a 2p gain to 198p.

A lengthy list of company results also provided some features for the market with Rio, Tinto-Zinc and Anglo American leading the field with considerably better than expected figures, which helped to push up the share price 15p to 378p.

Burnham Oil advanced 7p to 222p after food results and a bigger than expected dividend while Hawker Siddeley went up

4p immediately after announcing profits above market estimates, but closed unchanged at 67p, celebrated a return to profits with a 31p jump to 39p.

In papers, Portals, which made a 15 per cent earnings improvement, gained 10p to 260p, as did De La Rue at 67p and Bowater, which reported recently, moved up 4p to 186p. The Bristol Evening Post, which has closed down over a printing dispute, tumbled 6p to 146p.

In stores W. H. Smith dropped 13p to 133p after a 71 per cent profit fall, while British Home Stores pushed ahead by 6p to 382p. GUS 7.4, closed 5p up at 393p and Boots, which has been in the sector, by adding 3p to 198p.

NBS News lost 1p to 116p after UK Temperance and General Provident Institute had pushed its holding to 14.9 per cent.

Electricals had a strong day although dealers reported this trading and the tendency was for investors to move into the leading stocks after seeing the second liners rise in the last few days.

GEC gained 5p to 384p, Deco ordinary shares rose 15p to 710p and the "A" shares by the same amount to 595p. Farwell advanced 10p to 296p with Unitech gaining 13p to 291p.

Brooks Group, whose results will be announced today, fell 9p to 43p on the news that there

would be a big write-off on the marine electronics side, which accounts for the bulk of the group's business. Far Eastern competition and a slump in small boats sales has produced stockpiling.

Property share price gains were in MREPC, which rose 6p to 209p, Great Portland, which

Taser, Kemsley & Millbourn shares are firm at 74p ahead of 1979 figures due in five days. Against widespread estimates of profits of £15m to £15.5m, Taser could come up with around £17m. But of equal interest to a cash call. The Waltham-Springer acquisition last December was for more than £25m and the group already had substantial borrowings.

advanced 6p to 242p and Land Securities, which was 9p up at 316p. Haglemere put on 6p to 312p.

With RTZ's results the feature of the day in mines, other stocks saw little trade although the price of the gold price fell after the afternoon kept the shares steady, and provoked a short after hours rally.

Cons Gold finished 2p better at 471p and Anglo American Gold put on \$1 to \$74, but Middle West dropped 5c to 360c. Lashie was unchanged at 270c.

and Winkelhaak dip £234, as investors seem to venture with in gold shares after it at the beginning of 1980.

In rubber, Hongkong by 45p to 650p after and Guthrie rallied 1.

Equity turnover for was £84.195m (month gains 10.67p). The n telegraph, were Trio GEC, National W Lasso, Beecham, Burnham, Shell, Allied Boots, GKN, Rascal ab

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London Mercant
Midland Bank
Nat Westminster
Nassau Bank
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FINANCIAL NEWS

Owen

by

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Staff

costs of a new

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profits of Owen

quarter last year.

tax level earnings

9m to £2.5m on a

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adom stores in-

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which showed a 13

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This cut £40,000

ian problem was

a loss made by

Werner store in its

car, and pulled

by 40 per cent to

turnover £2.8 per

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wen Owen's shop-

lary. The Plumb

which increased

15 per cent to

a 11 per cent sales

Mr John Norman,

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285p with a 3.85p

c line. profits

are 6 per cent

m. Profits from

is of property

been lifted from

780,000.

Berwick beats forecast

By Peter Wilson-Smith
Toymaker Berwick Toys—
at the centre of one of last
year's most publicized company
rows—produced better than
forecast profits of £1.52m before
tax. This compared with £1.05m
in 1978. Group sales in the year
to December 31 rose by 28 per
cent to £16.8m.

Berwick had forecast £1.4m
profit last September in the
context of the tempestuous
struggle for control of the com-
pany which ended with incum-
bent chairman Mr John Oakley
narrowly defeating former chief
executive Mr Torquill Norman.
However, two of Mr Oakley's
supporting directors were
ousted and Berwick has made
provision for compensation to
one of them, Mr J. A. Stitt,
amounting to £65,000 gross.

The impetus behind the rise
in profits came from the Ber-
wick Toy, whose "Happy Time"
nursery range has been most
successful. Profit was struck
despite higher interest costs and
£480,000 trading losses from
Model Toys and Flair Toys.

Both have been closed and
full provisions made, accounting
for the bulk of the £976,000



Mr John D. Oakley, chairman
of Berwick Toys.

extraordinary debit. The cost of
defending Mr Norman's chal-
lenge, included in the debit, was
£103,000.

After all charges, £91,000 was
retained in the group compared
with £479,000.

An abnormally low tax charge
accounts for more than doubled
earnings to 25.2p a share. As
forecast the year's dividend
rises by three-quarters from
4.88p to 8.57p gross.

Berwick now comprises three
profitable subsidiaries, which
all raised profits in 1979, and
have a 11 per cent up in
value. This represents some fall
in volume but for the full year
Mr Oakley expects volume to
rise and he does not expect
margins to suffer.

Mr Oakley expects tough
conditions for the toy industry as
a whole in 1980 but says that
orders are 11 per cent up in
value. This represents some fall
in volume but for the full year
Mr Oakley expects volume to
rise and he does not expect
margins to suffer.

However, Berwick's tax charge
will be proportionately much
higher in 1980 and so the group
foresees lower earnings per
share.

Mr Norman still retains about
12 per cent of the equity. The
shares rose 5p to 75p immedi-
ately after the results where the
yield is 11.7 per cent. The p/e
ratio on a notional full tax
charge is 5.6.

Portals aims for growth in US

By Philip Robinson
Portals Holdings, the water
treatment, engineering and
bank note paper making group
earns the bulk of profits from
the United Kingdom but sees
growth this year in North
America.

Already the security paper
making side has benefited from
large orders for travellers
cheques from VISA, the indepen-
dent credit card company of
which Barclays Bank is the
leading member.

More profits should be on
the way this year, although
Every says the contribution will
not be large.

Elsewhere, North American

growth should come from two
products from the water treat-
ment side. These operations
have just developed a solution
to the problems of effluent
experienced by manufacturers of
diary products, and now have
a machine for preparing chicken
ready for the supermarket
shelves.

Portals is being guarded
about the profits from these,
but Mr Julian Sheffield, chair-
man, is setting higher targets
for this year and the first three
months have matched his ex-
pectations.

As a measure of confidence,
the group has raised the total
gross dividend by around a
fifth at 15.7p against 12.49p last
time with a 9.64p final.

Singer & Friedlander tops £4m

Singer and Friedlander, the
Accepting House part of the
C. T. Bowring group, has
reported pre-tax profits for
1979 of £4,024,000 after transfer
to contingency reserves.

This compares with £2.8m
previously. The greater part of
the increase comes from the
transfer to profit of provisions
for bad debts that are no
longer needed.

The chairman says that the
current year has started well
with a good level of volume.

One question mark on the
future of Singer and Fried-
lander is what happens to its
parent company, C. T. Bow-
ring is taken over by the
American Marsh and McLen-

Briefly

Cornell Dresses: Midland Bank
(Overseas) nominees has increased
its stake from 8.8 to 9.72 per
cent. Cornell passed the interim
and paid an unchanged final divi-
dend last year.

Change of name: Stockbrokers,
Sandelson and Company announce
that, as from May 22, the name
of the company will change to
Bene, Fitzgerald and Co. Sub-
ject to consent of Stock Exchange
Council the following will be
appointed directors: Stephen M.
Bright, Paul A. Greenfield,
Andrew J. Oliver, Paul T.
Sobriou, and Alexander R. White.

Glanorgan/Carroll: Propri-
etary made on behalf of Glanor-
gan property company for Carroll
provisional Property Holdings Ltd.
The company has been
declared unconditional. Accep-
tances under offer have been
received in respect of 3,800 shares
in Carroll (0.8 per cent). Glanor-
gan and persons acting in con-
cert now control 23,757 shares
in Carroll (50.11 per cent). Offer
will remain open for further
acceptances until April 30.

ICI: Holders of a further 337
£1,000 bonds have exercised their
right of conversion into 100 ordin-
ary stock. Number of bonds now
outstanding is 49,989, representing
\$43,993,000.

Kaleidoscope: Interim of 1.78p
gross (1.58p), partly to reduce
dividend, set for 27 weeks to
February 1 were £14.8m (27 weeks
—£12m). Pre-tax profit £2.05m
(£1.95m). Despite encouraging
results, the company will have done well if
final results equal last year's
record performance.

Horizon travel: Chairman says
that indications are that trade
bookings for next summer are up
again. Confident that the com-
pany taking yet again an in-
creased share of the market. The
new long-term order book is
available and efficient
aircraft, together with a direct
profit contribution from Orion,
should strengthen the order book
pension, which company has
enjoyed for some years.

Leigh Interest: In response to
issue by way of rights to ordin-
ary shareholders of £1.8m nominal
of 10 per cent convertible
secured loan stock 1984-85, £1.1m
nominal (60.4 per cent) had been
taken up by April 11. £100,000
nominal has been sold in the mar-
ket at nominal premium and pro-
ceeds will be distributed pro rata
among the convertible allottees of
the stock not taken up.

Anit and Wiberg: Chairman says
that it is difficult to make firm
forecast for year, but given a
reasonable trading environment he
is sure of the continued develop-
ment of company's business.
Accounts show a pre-tax profit of
£1.41m (£2.17m).

Moos Engineering has acquired
materials handling specialists A.
Meade, based at Cannock, Staf-
fordshire, for £270,000. Up to
£50,000 more is payable provided
aggregate pre-tax profits exceed
£200,000 for the two years ending
August 31, 1980.

Net assets of Meade at Novem-
ber 30, 1979 were £314,074 and net
profit before tax was £56,648.

AVERAGE EARNINGS

The following are the index numbers
for average earnings of employees in
all industries and services covered by
the monthly earnings inquiry released
by the Department of Employment.

	(1) Old series of average earnings (Jan 1976 =100) seasonally adjusted	(2) New series of average earnings (Jan 1976 =100) seasonally adjusted	Change in (1) over (2) at 3 months annualized rate
1979			
Feb	356.6	141.1	18.5
March	360.3	143.7	28.8
April	367.2	146.8	21.3
May	373.2	148.8	21.3
June	388.6	150.9	22.1
July	397.8	152.6	23.2
Aug	384.8	153.3	12.0
Sept	384.1	153.5	2.6
Oct	401.3	156.1	28.8
Nov	402.2	156.1	28.8
Dec	417.2	156.1	39.3
1980			
Jan	418.3	163.6	14.9
Feb	421.8	167.3	14.1

The 16th Stated Annual Meeting of the Scottish Widows' Fund and Life Assurance Society will be held at 15 Dalkeith Road, Edinburgh at 2.30 pm on Tuesday 6th May 1980.
The following are extracts from the Statement by the Chairman, Mr E H M Clutterbuck, OBE, published in advance of the meeting.

Scottish Widows investment policy brings improved results for policyholders

NEW BUSINESS I am pleased to report another new business record for the group, including the Society and its subsidiary Pensions Management (SWP) Ltd, with new annual premiums higher by 6% at £41.0M following the 71% increase in 1978 and new single premiums (including subscriptions to the Society's Exempt Unit Trust Scheme) higher by 14% at £31.3M. For the Society new sums assured at £751M were 3% lower than in 1978 and annuities (mainly deferred annuities in connection with pension schemes) at £198M were 4% lower.

There was a greatly reduced level of activity in new group pension schemes compared with 1978 when decisions were required on whether or not to contract-out of the State scheme. However, there was a substantial increase in benefits for members of existing schemes as a result of high salary settlements. The introduction of a new with profits single premium contract for the self-employed in the latter part of the year had a modest effect on new premium income in 1979 but should be reflected in increased business during the important first quarter of 1980. Difficulties in the house purchase market were a major factor in reducing annual premiums for ordinary business by 11% following last year's 23% increase. The rise in house prices during the year against a background of reduced Building Society activity led to greater use of top-up mortgage funds provided by other sources. We view this development in the house purchase market as a long-term one and we therefore entered the top-up field at the beginning of 1980.

For Pensions Management (SWP) Ltd new annual and single premiums were £14.8M and £17.7M respectively compared with £12.5M and £12.7M in 1978.

PENSIONS BUSINESS As I mentioned last year many of the schemes insured with the Society arranged to contract-out of the additional earnings-related component of the State scheme and this has continued to involve the efforts of a considerable number of our staff in preparing final documentation and altering administrative procedures. Statutory time limits have again been affecting our work, with April 1980 being the limit for various changes of which the most important is that all our older schemes have to be altered to satisfy the "New Code" of Inland Revenue approval established by the Finance Act 1970.

It seems that the Government may have no immediate intention of introducing major legislation affecting pensions schemes. This will be a welcome respite after a very busy decade and will enable us to concentrate on advising employers on new and improved benefits and ensuring that our service does not fall from the high standards we set.

There has recently been publicity on the possibility of the directors of a company setting up pension arrangements for themselves under which half of the contributions are invested back with the company. While such a scheme may perhaps be appropriate in very special circumstances, self-investment of this kind and on this scale is normally undesirable as it puts at unacceptable risk the longer-term financial security not only of the directors but also of their dependants, and is contrary to what has until now been accepted as being responsible practice by trustees. We shall be concentrating on pointing out the advantages of security and on the efficient administration of the wide range of pension contracts we offer.

INVESTMENT Our investment activities in 1979 were carried out against a world background dominated by events in the Middle East. Substantial increases in oil prices led governments to introduce restrictive measures to control inflation and as a result short-term interest rates rose to record levels in the United Kingdom and the United States. The concern over future oil prices and oil supply resulted in a firm pound as the benefits to the United Kingdom of North Sea oil were perceived. Whereas in this sense the United Kingdom remains in a relatively favourable position, it is nevertheless a source of concern that our balance of payments was again in substantial deficit last year despite considerable additional production from the North Sea.

In the United Kingdom after early weakness in the prices of fixed interest securities in reaction to the road hauliers' dispute, prices of both ordinary shares and fixed interest stocks rose strongly ahead of the general election in anticipation of a change in Government. While the early actions of the new Government were consistent with a welcome commitment to firm financial discipline, it was clear that the problems confronting the UK economy could not be resolved in a few months and in particular that a more restrictive monetary policy must initially mean higher interest rates and that a continuing strong pound when domestic costs were rising rapidly would lead to severe pressure on company profitability. After the election security prices fell steadily and by the end of the year prices of ordinary shares as measured by the FT-Actuaries' Index were little changed from levels a year earlier although prices of long-dated fixed interest stocks were lower with yields rising from 13% to nearly 15%.

For the first half of the year the greater part of our new investment was in British Government stocks but later, as prices fell, an increasing proportion of our new investment was made in ordinary shares.

We welcomed during the year the final removal by the Bank of England of all remaining exchange control regulations restricting overseas investment. As a direct result of the disappearance of the dollar premium there was a fall in the sterling value of overseas investments financed with investment currency. However, during the past few years most of our new investment overseas had been financed by dollar loans and the value of the investments thus acquired was not affected. Also, the operation which I mentioned in my statement last year as a result of which we effectively sold the dollar premium and refinanced the investments through loans has turned out very well. The removal of exchange controls has reduced the cost and complexity of investing overseas and the opportunity was taken in the last few months of the year to invest abroad.

A total of £145M became available for investment by the Society in 1979 and with short-term deposits being reduced by £6M a total of £151M was placed in new investments. Of this £120M was invested in British Government securities, £24M in UK ordinary shares, and £6M in US common stocks, while net purchases of other investments totalled £1M.

REVENUE ACCOUNTS AND BALANCE SHEETS The consolidated balance sheet shows that the ordinary long-term insurance funds, including Pensions Management (SWP) Ltd, now exceed £1,286M, an addition of £197M compared with £1,089M in the previous year. The total income includes annual premiums which now exceed £160M, and investment income of £133M. In 1978 the investment income amounted to £100M, and the substantial increase is due to increases in equity dividends and continuing high yields on British Government securities. The increase in expenses of management in 1979 (£2M) is the same as in 1978. The continued upward trend in living costs has, however, necessitated the payment of higher salaries to the staff, the full effect of which will be felt in 1980. The Society makes every effort to achieve economies and thus to contain expenses as far as possible.

BONUS RATES A detailed investigation of the Society's position was made last year and as a result the Directors have been able to increase our rates of intermediate bonus yet again. As from 1st January 1980 the rate of intermediate bonus for ordinary with profits policies was increased from 4.70% to 4.90% per annum compound and that for with profits policies in our pension business fund from 5.50% to 5.80%. At the same time the rates of bonus used to illustrate future benefits were similarly increased. Last year we increased the terminal bonuses available on claims arising during the second half of 1979, particularly for the shorter-term contracts, and we have been able to do so again for the first half of 1980.

I mentioned last year that a review in Planned Savings showed that a with profits whole life policy on the life of a man aged 30 effected with the Society on 1st April 1938 subject to an annual premium of £100 produced a claim value 40 years later of £19,169, the highest figure for any office. A year later the 40-year claim value had increased to £19,867, and in April 1980 the corresponding figure will be £20,688. There have been relatively bigger improvements for shorter-term contracts. For a 25-year with profits endowment assurance on the life of a man aged 30 effected with the Society on 1st April 1953 subject to an annual premium of £100 the maturity value in 1978 was £6,656. For a similar policy maturing in 1979 it had risen to £6,923 and the corresponding figure for 1980 will be £7,279.

No firm judgment can be made on the relative merits of the with profits policies of different offices on the basis of new business illustrations, without knowing the assumptions required if the bonus rates illustrated are to be maintained, and it is not surprising that life offices do not provide this information in view of the complexity of the calculations and the number of variables involved. Past results are a better guide, yet many with profits policies appear to be sold on the basis of new business quotations alone.

PROPOSED NEW ACT OF PARLIAMENT A Special Meeting of members held on 5th February passed unanimously a resolution approving the promotion of the Bill now before Parliament and at that meeting an explanation was given of some of the reasons behind the promotion of a new Act.

The Bill is going through the Parliamentary processes of first and second readings, committee stages and so on in both Houses in much the same way as a public Bill and, all being well, it is hoped that it will receive the Royal Assent and become our new Act in late summer or early autumn.

LEGISLATION I mentioned last year two items of legislation which were about to be introduced. The first was the scheme whereby with effect from 6th April 1979 life assurance premium relief was to be deducted from eligible premiums by policyholders resident in the UK, and this scheme is now fully operational. With the need to reduce Government spending there has been much talk about the possible withdrawal of various reliefs, including life assurance premium relief. We believe that the life offices' associations have made a strong case to the Treasury for the retention of this relief. This case rests on the unique opportunity which life assurance offers to the individual to protect and provide for his family rather than rely entirely on the State, and the benefit to the national economy of encouraging a regular flow of long-term contractual savings available for investment, features which are recognised in many countries of the world, in particular all the EEC member states, by the granting of appropriate tax incentives. We do, however, deprecate the use of artificial contracts which exploit life assurance premium relief, for example by transferring part of the reserve from one contract to another in order to avoid the "clawback" of premium relief when a qualifying policy is surrendered, and we were glad to learn that the Government means to introduce legislation to prevent this.

I also referred last year to the "cooling-off" period which applies to most new contracts issued from 1st January 1980. The Society is issuing the Statutory Notices advising a policyholder of his rights as soon as the first premium is paid or a valid banker's order is received. I am glad to report that these arrangements are working smoothly and that we have received very few notices of cancellation.

Hardly a year goes by without some new legislation being introduced, and 1980 is no exception. In January new regulations were made which for accounting years starting on or after 1st January 1981 will materially change the amount and type of information which has to be given to the Department of Trade yearly and after bonus declarations. It is possible that this will make it easier for the Department to recognise a company which is getting into difficulties, but it is unfortunate that it will increase the work of all offices including those whose security is beyond question.

In the autumn we also expect to see legislation in connection with the EEC Life Directive, the purpose of which is to facilitate the freedom to write life assurance business in another member state in the EEC, through a branch or agency or co-ordinating certain measures of supervision in the member states.

FUTURE OUTLOOK Economic forecasters seem generally agreed that 1980 will be a year of comparatively sluggish business activity throughout the world and that the United Kingdom will be no exception: it would be difficult to disagree. Such years can, however, be turned into years of opportunity. For companies like ours, opportunity for careful examination and reappraisal of our existing practices and methods with a view to further improving our efficiency, and opportunity to prepare and plan for expansion when recovery comes. For the country as a whole, a year to tackle basic problems of inflation and high Government spending, low productivity and wasteful practices, and poor relations between so many managements and unions.

Often in recent years my predecessors and I have spoken of the excellent prospects awaiting the United Kingdom if only we could grasp the opportunities. I hope that in twelve months' time I shall be able to point to firm signs of improvement not only in business prospects but also in the fundamentals of our economy. Whatever happens we are determined, and shall work hard to ensure, that the Society continues to flourish and prosper.

SCOTTISH WIDOWS
We've built our reputation
on results

ANNOUNCEMENT

Customers and members of the public are advised that as a result of industrial action, some delay may occur in the provision of normal banking services. In particular there may be delays in the clearance of cheques and in the transfer of credits within the banking system. The Banks will continue to maintain the best possible service.

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Commodities

COPPER was firmer. Afternoon—Cash wire bars, \$255.00, 500 lb. a moric ton, 100 lb. a moric ton, 50 lb. a moric ton, 25 lb. a moric ton, 12 1/2 lb. a moric ton, 6 1/4 lb. a moric ton, 3 1/8 lb. a moric ton, 1 5/8 lb. a moric ton, 7/8 lb. a moric ton, 3/4 lb. a moric ton, 1/2 lb. a moric ton, 1/4 lb. a moric ton, 1/8 lb. a moric ton, 1/16 lb. a moric ton, 1/32 lb. a moric ton, 1/64 lb. a moric ton, 1/128 lb. a moric ton, 1/256 lb. a moric ton, 1/512 lb. a moric ton, 1/1024 lb. a moric ton, 1/2048 lb. a moric ton, 1/4096 lb. a moric ton, 1/8192 lb. a moric ton, 1/16384 lb. a moric ton, 1/32768 lb. a moric ton, 1/65536 lb. a moric ton, 1/131072 lb. a moric ton, 1/262144 lb. a moric ton, 1/524288 lb. a moric ton, 1/1048576 lb. a moric ton, 1/2097152 lb. a moric ton, 1/4194304 lb. a moric ton, 1/8388608 lb. a moric ton, 1/16777216 lb. a moric ton, 1/33554432 lb. a moric ton, 1/67108864 lb. a moric ton, 1/134217728 lb. a moric ton, 1/268435456 lb. a moric ton, 1/536870912 lb. a moric ton, 1/1073741824 lb. a 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1/1152921504606846976 lb. a moric ton, 1/2305843009213693952 lb. a moric ton, 1/4611686018427387904 lb. a moric ton, 1/9223372036854775808 lb. a moric ton, 1/18446744073709551616 lb. a moric ton, 1/36893488147419103232 lb. a moric ton, 1/73786976294838206464 lb. a moric ton, 1/147573952589676412928 lb. a moric ton, 1/295147905179352825856 lb. a moric ton, 1/590295810358705651712 lb. a moric ton, 1/1180591620717411303424 lb. a moric ton, 1/2361183241434822606848 lb. a moric ton, 1/4722366482869645213696 lb. a moric ton, 1/9444732965739290427392 lb. a moric ton, 1/18889465931478580854784 lb. a moric ton, 1/37778931862957161709568 lb. a moric ton, 1/75557863725914323419136 lb. a moric ton, 1/151115727451828646838272 lb. a moric ton, 1/302231454903657293676544 lb. a moric ton, 1/604462909807314587353088 lb. a moric ton, 1/1208925819614629174706176 lb. a moric ton, 1/2417851639229258349412352 lb. a moric ton, 1/4835703278458516698824704 lb. a moric ton, 1/9671406556917033397649408 lb. a moric ton, 1/19342813113834066795298816 lb. a moric ton, 1/38685626227668133590597632 lb. a moric ton, 1/77371252455336267181195264 lb. a moric ton, 1/154742504910672534362390528 lb. a moric ton, 1/309485009821345068724781056 lb. a moric ton, 1/618970019642690137449562112 lb. a moric ton, 1/1237940039285380274899124224 lb. a moric ton, 1/2475880078570760549798248448 lb. a moric ton, 1/4951760157141521099596496896 lb. a moric ton, 1/9903520314283042199192993792 lb. a moric ton, 1/19807040628566084398385987584 lb. a moric ton, 1/39614081257132168796771975168 lb. a moric ton, 1/79228162514264337593543950336 lb. a moric ton, 1/158456325028528675187087900672 lb. a moric ton, 1/316912650057057350374175801344 lb. a moric ton, 1/633825300114114700748351602688 lb. a moric ton, 1/1267650600228229401496703205376 lb. a moric ton, 1/2535301200456458802993406410752 lb. a moric ton, 1/5070602400912917605986812821504 lb. a moric ton, 1/10141204801825835211973625643008 lb. a moric ton, 1/20282409603651670423947251286016 lb. a moric ton, 1/40564819207303340847894502572032 lb. a moric ton, 1/81129638414606681695789005144064 lb. a moric ton, 1/162259276829213363391578010288128 lb. a moric ton, 1/324518553658426726783156020576256 lb. a moric ton, 1/649037107316853453566312041152512 lb. a moric ton, 1/1298074214633706907132624082305024 lb. a moric ton, 1/2596148429267413814265248164610048 lb. a moric ton, 1/5192296858534827628530496329220096 lb. a moric ton, 1/10384593717069655257060992658440192 lb. a moric ton, 1/20769187434139310514121985316880384 lb. a moric ton, 1/41538374868278621028243970633760768 lb. a moric ton, 1/83076749736557242056487941267521536 lb. a moric ton, 1/166153499473114484112975882535043072 lb. a moric ton, 1/332306998946228968225951765070086144 lb. a moric ton, 1/664613997892457936451903530140172288 lb. a moric ton, 1/1329227995784915872903807060280344576 lb. a moric ton, 1/2658455991569831745807614120560689152 lb. a moric ton, 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Wool forecast lowered

Canberra, April 16—The Bureau of Agricultural Economics has lowered its fourth forecast of Australian wool exports in the 1978-1980 season, to June 30, to 634,000 bales, a decline of 100,000 from its third forecast of 708m.

This compares with 1978-1979 exports of 708m bales, the bureau said in its fourth 1979-1980 *Trends and Prospects in Agriculture*. Cammermeyer quarterly prepared in March.

Exports are expected to drop in the current season because the "total availability" of Australian wool for 1979-1980 is some 8 per cent below the previous year's.

The bureau made no mention of the recent wool industry businessmen's dispute which severely

Australian wool prices are expected to average about 390 cents a kilo clean, reflecting a moderate recovery from the 314 cents seen earlier this month. In the first nine months of the current season, prices averaged 391 cents, with the auction for the 50th put at 392 cents. This is close equivalent to 340 cents a kilo greasy and 17 per cent above 1978-1979.

Barley and oats forecast: The Australian Wool Board estimates of the already harvested 1979-1980 barley crop, but left its forecast for the oats crop unchanged. It expects a 3.66m tonne, against the December forecast of 3.62m and 1978-1979's output of 3.99m.

Discount market

Money seeking reserve asset status for the banks' third-Wednesday make-up enabled discount houses to pick up some cheap balances at the start of the day yesterday. This was taken on the hooks at rates between 15 per cent and 16 per cent.

Later, once the banks had established necessary margins for the regular monthly official vetting, funds in the discount market can dry. This coincided with indications that another pretty hefty shortage was likely on the day and with interbank rates that started to rise quite sharply. A 15 per cent bid eventually hit 30 per cent in the afternoon, the discount market stayed very quiet.

Many houses, however, had already taken on two and three day money on Tuesday, anticipating difficulties towards the end of the week, so the help they needed from the Bank of England was more modest than of late.

Money Market

Rates		
Bank of England Minimum London Bank 10%		
Paris 10% (France) 11 1/2%		
Canton 10% (China) 11 1/2%		
Hong Kong 10% (China) 11 1/2%		
Shanghai 10% (China) 11 1/2%		
Overnight, high 11 1/2%		
Week-end 10% (China)		
Treasury Bill 6 1/2%		
1 month	5 1/2%	1/2%
3 months	5 1/2%	1/2%
6 months	5 1/2%	1/2%
Foreign Bank Bills (China) - (France) 11 1/2%		
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
6 months	10 1/2%	1/2%
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
6 months	10 1/2%	1/2%
Local Lender Rates		
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
6 months	10 1/2%	1/2%
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
6 months	10 1/2%	1/2%
Savings Bank Rates		
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
6 months	10 1/2%	1/2%
Insurance Rates		
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
6 months	10 1/2%	1/2%
Overnight, high 11 1/2%		
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
6 months	10 1/2%	1/2%
Foreign Bank Bills (China) - (France) 11 1/2%		
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
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Insurance Rates		
1 month	10 1/2%	1/2%
3 months	10 1/2%	1/2%
6 months	10 1/2%	1/2%

Recent Issues

[illegible]

Foreign exchange report

The dollar slumped in late trading on foreign exchanges yesterday behind the realization that the dollar's position was prevailing in the United States are at least on the decline following the 1 per cent rise in the prime rate to 1½ per cent.

The pound, already firm on higher North Sea oil prices, appeared to step with other major currencies in a bid to stabilize on the basis of London and New York. Sterling climbed to very useful 28 cent cash a dollar, but the dollar's position on the L.L. The trade weighted index hardened to 72.8 compared with 72.2.

Against the dollar the D mark advanced to 1.8650 from 1.8390, while appreciable rises were seen in the Swiss franc 1.7222 (1.7765) French franc 4.3200 (4.3850), yen 249.50 (252.20).

Sterling Spot and Forward

[illegible]

Effective exchange rate compared to ECU

Sterling: Other Markets	
Australia	88.9950
Barrett	0.5722
Finland	2.4893
Hong Kong	93.72
Japan	31.0960
Kuwait	1.0000
Malaysia	0.3913
Philippines	0.9170
Singapore	92.47
Saudi Arabia	0.7269
Switzerland	1.3695
Taiwan	4.9180
South Africa	2.1088

Dollar Spot

[illegible]

EMS European Currency Rates

	EC* central index	average percentage EC*	change from 1970-78 percentage	change from 1970-78 percentage	change from 1970-78 percentage
Real wage	7.7995	4.3874	+1.43	+2.82	
Private wage	7.7294	4.5364	+1.45	+2.56	
Government	7.6808	4.5042	+1.42	+2.11	
Public wage	7.6808	4.5042	+1.42	+2.11	
Private wage	7.5462	4.6745	+1.47	+2.26	
Public wage	7.5462	4.6745	+1.47	+2.26	
Private wage	7.5278	4.7573	+1.46	+2.13	

* change was for the EC* between positive change decrease and cost of living.
 * adjusted for "weighting" in the EC*, and for the line 1970-78, average, average.
 Adjustment calculated by The Times.

Gold

Total paid: Apr. \$27.5 from others; Jan. 1972
 \$1.00 \$5.00
 Received per coin: \$334.56, \$121.77
 \$40.25
 Subtotal: \$134,175 5-00 3.

Euro-\$ Deposits

2013-14 deposits

Options

The traded options market had a busy day with a total of 1392 contracts traded. There were 358 the previous day.

Land Securities were well ahead with 671 contracts and

dealers pointed out that a new

Commission changes are also due to be implemented at the end of this month, which include a reduction in the clearing fee from £2.75 to £1.50 and investors may also aggregate for five days instead of for the present three.

Wall Street

New York, April 16.—Shares had a broad advance in heavy trading this morning following a cut in the prime rate to 1 1/2 per cent from 20 per cent by Chase Manhattan Bank.

The Dow Jones Industrial
average rose by nine points and
range outnumbered declines by
two to two on a turnover of eight
million shares. Stocks sensitive to
interest rates led the advance.
American Telephone jumped \$1
to \$51. Texas Utilities \$1 to \$17.
Federal National Mortgage \$1 to
\$20. Commonwealth Edison \$1
to \$20. Middle South Utilities
to \$12.

Tuesday—the market drifted lower in light trading led by declines and computer stocks as investors waited for a clear sign interest rates have peaked.

The Dow Jones industrial average fell 1.54 points to 783.36 on trading in over 27 million shares. Lines led advances eight to

analysts said that with the
rest rate picture clouded and
union divided on how severe
expected recession will be,
actors were content to sit on
sidelines for a while.

arly in the session, the market
ed on news of a 0.8 per cent

in March industrial produc-
after an 0.2 per cent fall in
January. Later in the day, Ford
announced plans for plant
closures that would put 13,000 em-
ployees out of work.

New York, April 15.—SILVER
 was closed 17 1/2 cts lower on

pressed profit-taking by day traders sent a mid-day rally fanned by firm gold futures prices. Floor brokers buying in silver was sparse. Small selling pressure shortly before the close and the market hit the downside. April was off 17 cents at \$14.38 ounces after rallying to a high of \$14.66. The May delivery fell 24 cents to \$14.43. Traders said the precious metals complex was still feeling the loss of investment capital to high-yielding

[illegible]

Authorized Units, Insurance & Offshore Funds

[illegible]

SPECIAL NEWS

am Baird in £1.2m sale

non
rd, the textile
vestment group
d investment
d the last of the
h helped shape
It has disposed
perations, which
f a deal involv-
Sierra Leon for

field, chairman,
that the three
h make up the
one to as many
anies for net

ntil the closure
operation at the
the three com-
the bulk of the
ic mine. Since
been built into
dom units but
merical relation-
in parts of the
one of them
services, further
ave had to be
use. It would
opportune rise

e Service com-
a pre-tax profit
gainst £143,000



Mr Stanley Field, chairman of William Baird.

News of the sale accompanied Baird's full-time results for last year, which show a 43 per cent increase in pre-tax profits to £7.8m on a 17 per cent turnover boost to £136m.

The dividend is lifted 18 per cent on the figures to 17.5p

with a 10p final and the shares

formed a few pence.

At the operating level, the

biggest increase came from

investments, which jumped

from £47.9m to £1.2m. Textiles

increased from £4m to £4.4m

and the industrial group.

Durham, continued to earn

major profit, from insulation

contracting lifting its operating

profit from £2.1m to £2.46m.

The Textile result included a

£70,000 contribution from

Wilfred Verber which Baird

bought last July. In its last full

year before acquisition profits

were £801,000.

Baird is still on the lookout

for new acquisitions, although

Mr Field says there is no rush.

Earlier this week it bought

Spirin Household Textiles.

The buys are being financed

from the £13.6m Baird received

last April when it sold its stake

in Dawson International. With

£13.25m of that money, deposits

and other immediately realizable

assets exceeded total debt

by £4.4m.

Mr Field says the first three

months of this year have topped

the same period in 1979,

although at that time, "we had

a heavy start to the year", he

said.

Business appointments

Director named for insurance group

Mr J. R. Crickmay has been

appointed director of the

Ecclesiastical Insurance Office.

Mr P. H. Richards has been

made chairman and managing

director of Glenville Embrova

(Home). Mr D. W. Andrew,

deputy chairman of Glenville

Embrova (Home) has assumed

responsibility for the company's

United Kingdom locations outside

London.

Mr Peter Farrell, who is at

present financial director of

Newalls Insurance Co, is to

succeed Mr Brian Haggie, who is

retiring, as financial director of

British Industrial Plastics. Dudley

Barker has been made finance

director of Newalls Insurance.

Mr Mark King and Mr Tony

Vincent have joined the board of

directors of Maranello Concessions.

Mr Norman Albert Bonham-

Carroll has joined the board of

Alben Trust Managers.

Mr Martin Truscott has become

managing director of Hotelplan.

Mr Hugh Henry has been made

chief executive and general

manager of Swans and will remain a

director of Hotelplan.

Mr Ian V. Lockwood has joined

the board of Amalgamated Dis-

tilled Products.

Mr M. G. Wilcox has become

deputy chairman of the Thomas

Cook Group.

Mr David J. Archer, has been

appointed production director of

Standard and Pochin.

Mr Norman Turbutt has become

group financial director of Stag

Furniture Holdings.

Mr Michael E. Edwards has

joined the Compair Group as

director of organization develop-

ment.

Mr Alister Young has been

appointed a director of Capor

Neill International (Process), in

the Capor Neill International

Division.

Mr Malcolm W. Woodhams

has joined the board of Gliskson

Doors as sales and marketing director.

Mr Ron Bartlett has become

senior director of the Amey Road

stone Corporation and Mr Eric

Hope has been appointed a director.

Mr Martin Moss has been re-

appointed managing director of

Simpson (Piccadilly).

Mr Robin J. Lipscombe has be-

come managing director of the

Vernon Rubber Company (UK).

Mr J. C. Clements has become

chairman and Mr R. C. Allardice

has become managing director of

Glenville Embrova. Mr A. E.

Holroyd, Mr P. Kirkman and Mr

J. P. Toomey have become

directors.

Mr W. Fry has become a partner

in Suckmaster & Moore. Mr

J. A. A. Smith has resigned his

partnership.

Mr K. H. Schick, Mr C. W.

Sharper and Mr C. H. Stapleton

have been appointed managing

directors of Pacol. Mr H. Bennett

Ernest Dipple and his wife, Mrs

Diane Dipple, of Corfe Mullen,

Dorset, a triangle of some 700

square yards of land adjoining

Knoll Cottage, Corfe Mullen.

Mr Stephen Parish for the

plaintiffs, Mr Peter Towler for

the defendant.

THE MASTER OF THE ROLLS

said that Miss Hargreaves had

owned Knoll Cottage, which had

nearly an acre of garden. She had

a domestic help whose daughter

Bank America quarterly profits rise

BankAmerica Corp President

Mr A. W. Clausen attributed

the company's first quarter

growth in income to continued

increase in the volume of

earning assets.

However, he said the growth

in assets was to a large extent

offset by a declining net

interest margin as the cost of

funding those assets increased

at a faster rate than the

revenues generated.

Because gains in asset volume

had been the significant factor

in earnings growth over the

past several quarters, the

federal credit restraints would

make earnings gains increas-

ingly difficult, he said.

BankAmerica reported first

quarter earnings of \$134.5m,

against \$129.2m in the com-

parable period a year earlier.

Net earnings a share were 92

cents, up from 88 cents.

Loans stood at \$37,300m

(\$49,800m), deposits at \$82,600m

(\$71,700m) and assets at

\$102,900m (\$91,300m).

that substantially higher interest

paid on deposits and for pur-

chased funds was offset by

higher income from interest and

fees on loans.

He said that in response to

credit restrictions imposed by

the Administration and the

Federal Reserve, Wells Fargo

had increased the standards

under which individuals and

business borrowers could

qualify for most types of loans,

and was committed not to ex-

ceed the Federal Reserve guide-

lines for loan growth.

Mr Richard P. Conoley, chair-

man and chief executive, said

that the company's earnings

for the first quarter of 1980

were \$134.5m, or \$1.33 a share,

compared with \$129.2m, or \$1.33

a share, in the first quarter of

1979.

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a share, in the first quarter of

1979.

Mr Richard P. Conoley, chair-

Gilts move ahead after hours

ACCOUNT DAYS: Dealings Began, April 14. Dealings End, April 25. Contango Day, April 28. Settlement Day, May 6.

§ Forward bargains are permitted on two previous days.

[illegible]

~~-Managerial-Administrative-Secretarial-Personal Assistants-~~

A BETTER WAY TO WORK

the 1990s, the number of people in the world who are undernourished has declined from 760 million to 600 million. The number of people who are malnourished has declined from 1.1 billion to 800 million. The number of people who are obese has increased from 100 million to 300 million. The number of people who are overweight has increased from 100 million to 300 million. The number of people who are obese and overweight has increased from 100 million to 300 million. The number of people who are obese and overweight has increased from 100 million to 300 million.

